ISR

ISR CAPITAL LIMITED | 威豪投资集团

ANNUAL REPORT 2017

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LETTER TO SHAREHOLDERS

Dear Shareholders,

I am honoured to present to you the annual report of ISR Capital Limited ("ISR Capital" or the "Company") for the financial year ended 31 December 2017 ("FY2017").

The management's collective focus and efforts this year have been to move closer towards the proposed acquisition of a 60%-stake in Tantalum Holding (Mauritius) Ltd ("THM"), which owns 100% of Tantalum Rare Earth Malagasy s.a.r.l.u. ("TREM"). TREM holds a concession for a rare earth oxide resource in Madagascar, an island located off the south-eastern coast of Africa.

It remains my resolute belief that the successful completion of this transaction will augur a corporate transformation which will enhance shareholder value. As outlined to shareholders previously, rare earth oxides possess unique magnetic, luminescent and electrochemical properties which make specialised high-tech metal products lighter, smaller, more durable and more energy-efficient. They are used in specialised magnets used for electric vehicles, which are increasingly popular, as well as aerospace or satellite components. The market for rare earths remains resilient as demand for electric vehicles is on the rise in many countries, even as the number of satellites being launched worldwide continues to increase. The use of rare earths will only get more extensive with the advancement and development of materials sciences as rare earths are inextricably linked to modern human life and have become an indispensable foundation for technological progress.

The People's Republic of China ("PRC") – one of the few nations currently capable of mining rare earths on an industrial scale – announced in October 2016 that it would limit national output to 140,000 tonnes by 2020. This is likely to result in higher demand for rare earths, and underscores the significance and value of the Madagascar asset.

In line with the corporate actions to move us closer towards successful completion of the THM acquisition, we announced on 22 September 2017 a third independent valuation report prepared and issued by Behre Dolbear Australia Pty Limited. This latest report listed the preferred value of the 238 km² concession, located at the west coast of Madagascar, at US$48 million.

Separately, the Company's subsidiary, Infiniti Advantage Pte. Ltd. ("Infiniti Advantage"), has also entered into an Investment and Shareholders Agreement with Straits Hi-Rel Pte Ltd ("SHR") and its original shareholders to acquire a 25%-stake in SHR for up to S$2.68 million. This acquisition will be completed in five stages, with the latest stage (3A) having been completed on 3 January 2018. The original shareholders of SHR are in talks with Infiniti Advantage to extend its completion of subsequent investments in SHR to a later date to be agreed upon, so as to provide more time for SHR to assess and determine a more accurate project pipeline for 2018.

SHR provides high-reliability ("Hi-Rel") engineering services and is currently setting up a Hi-Rel Technology Centre in Singapore dedicated to speciality testing and back-end manufacturing for integrated chips and electronic modules, which will target applications in the automotive, energy (oil and gas) and industrial sectors.

ISR's losses in FY2017 narrowed to S$1.4 million from S$8.3 million in FY2016 after an 84.2% reduction in operating expenses, reflecting the Group's improvement in managing costs and reducing impairment losses even as we await regulatory approval.

LETTER TO SHAREHOLDERS

During the year under review, our bond subscriber subscribed for a total of S$4.0 million in four sub-tranches of Tranche 2 convertible redeemable bonds ("Bonds"). After the exercise of its conversion rights in 2017, a total of 1,000,000,000 Conversion Shares (at a conversion price of S$0.0040 per share) has been issued in 2017. This has enlarged the Company's issued share capital base from 1,564,249,336 shares as at 31 December 2016 to 2,564,249,336 shares as at 31 December 2017. Subsequent to 31 December 2017, the bond subscriber subscribed for the remaining S$1.0 million in the last sub-tranche of Tranche 2 Bonds and another $1.0 million in the first sub-tranche of Tranche 3 Bonds and converted the Bonds into 250,000,000 Conversion Shares at a conversion price of S$0.0040 per share, increasing the Company's issued share capital base to 2,814,249,336 shares.

The Board is mindful of managing costs carefully and prudently, pending the completion of the acquisition of the rare earths asset.

On 5 December 2017, the Company was placed on the Singapore Exchange Watch-List ("Watch-List") due to the Minimum Trading Price ("MTP") Criterion. The Company may be removed from the Watch-List if it records volume-weighted average price of at least S$0.20 and an average daily market capitalisation of S$40 million or more over the last six months preceding the date of review. The Board is currently considering all options available to the Company to comply with the MTP requirement within 36 months from 5 December 2017.

Condolence

It is with great sadness that we announce the unexpected passing of our Company Secretary, Mr Teo Meng Keong, on 23 January 2018. The Board extends its deepest condolences to his family.

Appreciation

On behalf of the Board, I would like to thank our existing shareholders for their patience and support throughout the past year. I also want to express my sincere appreciation to so many other people, including our staff and management, for their contributions and hard work.

We look forward to charting a new and exciting chapter as a responsible rare earths company.

Chen Tong
Executive Chairman

PROFILES OF DIRECTORS AND MANAGEMENT

Mr Chen Tong
Executive Chairman and Executive Director

Mr Chen Tong, 53, is our Executive Chairman. He was appointed to the Board as Non-Independent Non-Executive Director on 27 October 2016 and was subsequently re-designated as Executive Chairman of ISR Capital Limited on 18 November 2016.

He comes with over 30 years' experience in metallurgical mining and investments. Mr Chen, a Singapore national, has been involved in developing mineral resources assets and businesses in China, Australia, Canada, South Africa and the ASEAN region over the last 10 years and has developed good relations with many large mining enterprises.

Mr Chen was appointed as a director of Tantalum Holding (Mauritius) Ltd and Straits Hi-Rel Pte. Ltd. on 12 April 2017 and 25 September 2017 respectively.

Mr Chen Tong graduated with a Master of Engineering (majoring in Metallurgy) from Shanghai University and a Bachelor of Engineering (majoring in Thermal Engineering) from Beijing University of Science and Technology.

Mr Kwok Wei Woon
Lead Independent Director

Mr Kwok Wei Woon (Joseph), 44, is our Lead Independent Director and Chairman of the Audit Committee. He was appointed to the Board on 14 May 2012 and is also a member of the Remuneration Committee and Nominating Committee.

Mr Kwok is currently the CEO / General Manager of SooChow Securities CSSD (Singapore) Pte Ltd, an investment holding company that is 75% owned by SooChow Securities Co Ltd and 25% by China-Singapore Suzhou Industrial Park Development Co. Ltd). He is also an Independent Non-Executive Director of two other SGX Mainboard-listed companies, CWG International Ltd (formerly known as Chiwayland International Limited) and Asia Fashion Holdings Limited.

He has more than 19 years of experience in the financial services industry and previously held senior roles with global financial institutions like JP Morgan (Executive Director); UBS AG (Director, Advisory Consultant, North Asia); Standard Chartered Bank Singapore (Deputy GM, Wealth Management).

Mr Kwok is a Fellow of the Institute of Banking and Finance and SIM University. He occasionally teaches as an adjunct lecturer with Kaplan, focusing on finance and business-related subjects.

He also volunteers in non-profit organisations and is currently President of Financial Planning Association of Singapore (FPAS); President of University of New South Wales Alumni Association Singapore; President of Australian Alumni Singapore and is a member of the NTUC Employee Training Fund (NETF) fund-raising committee.

Mr Kwok graduated with a Master of Commerce (majoring in Advance Finance) and a Bachelor of Commerce (majoring in Accounting and Finance) from University of New South Wales. He is a certified accountant with CPA Australia and a Certified Financial Planner (CFP).

PROFILES OF DIRECTORS AND MANAGEMENT

Mr Lee Ka Shao
Independent Director

Mr Lee Ka Shao, 48, was appointed on 3 January 2017 as our Independent Director. He is the Chairman of the Nominating Committee and Remuneration Committee, and a member of the Audit Committee.

Mr Lee, a Singaporean, is a 24-year veteran of the banking and finance industry who had built and managed businesses in major financial institutions spanning trading, investment management, corporate finance and solution structuring across broad asset classes in U.S., Europe and Asia. He currently manages a family office, PhiMattell Pte. Ltd., and also a consulting company, Skeel Advisors Pte. Ltd.

Prior to that, he co-founded and was the chief investment officer of Cavenagh Capital, a global macro strategy hedge fund with offices in Amsterdam and Singapore; before which he was a founding member of Abax Global Capital, a special situations hedge fund based in Hong Kong.

Preceding that, Mr Lee established and managed an internal absolute returns fund on the shareholders' equity of DBS Bank Group, and also advised on DBS's asset and liability management as the Managing Director in Central Treasury.

Mr Lee began his career on Wall Street with J.P. Morgan as a market maker and proprietary trader in foreign exchange, interest rates and derivatives. He also established and headed a structuring group to offer innovative solutions in the post-Asian financial crisis in 1998; at a time when markets were beset by capital controls, illiquidity and other impediments, whilst governments, corporates and financial institutions in Asia needed financing and hedges.

Mr Lee is currently also an Independent Director of Asia Fashion Holdings Limited, which is listed on the Mainboard of Singapore Exchange Securities Trading Limited ("SGX-ST").

Mr Lee graduated with Honours in Economics from the National University of Singapore.

Mr Lin, Chen Hsin
Independent Director

Mr Lin, Chen Hsin, 75, was appointed to the Board on 8 March 2017 as our Independent Director. He is a member of the Audit Committee and Remuneration Committee.

Mr Lin has held the position of Administration Director of Coastal International Holdings Ltd since 1997. Between 1997 to 2012, he was Executive Director of Coastal Greenland Limited, an investment holding company that is principally engaged in property-related business and is listed on the Hong Kong Stock Exchange. In addition, he has over 20 years' experience in import and export trading and manufacturing.

Mr Lin graduated from the Shanghai Institute of Education in 1965.

Vincent Lee Chung Ngee
Group Financial Controller and Company Secretary

Mr Vincent Lee, 44, joined the Company as Group Financial Controller on 1 June 2012. He was also appointed as a Company Secretary of ISR Capital Limited on 4 June 2012.

Mr Lee, who has more than 20 years of work experience, currently oversees the Group's accounting and finance functions. He previously worked as an auditor for more than 10 years at several Big Four public accounting firms.

Mr Lee was appointed as a director of Tantalum Holding (Mauritius) Ltd and Straits Hi-Rel Pte. Ltd. on 12 April 2017 and 25 September 2017 respectively.

Mr Lee holds a Bachelor of Business (Accounting and Finance) from the University of Technology, Sydney. He is a member of the Institute of Singapore Chartered Accountants, the Chartered Accountants Australia and New Zealand, and the Singapore Institute of Directors.

FINANCIAL HIGHLIGHTS

	2017	2016	Increase/ (Decrease)
	S$ '000	S$ '000	%
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Revenue (from continuing operations)	576	350	64.6
Total (loss) for the year	(1,421)	(8,277)	(82.8)
Balance Sheets			
Total Assets	7,501	5,185	44.7
Total Liabilities	523	553	(5.4)
Total Equity	6,978	4,631	50.7

	2017	2016	Increase/ (Decrease)
	%	%	%
Ratios			
Return On Equity	(20.4)	(178.7)	(88.6)
Return On Assets	(18.9)	(159.6)	(88.1)

	2017	2016	Increase/ (Decrease)
	cents	cents	%
Per Ordinary Share			
Basic (loss) per share	(0.07)	(0.72)	(90.3)
Diluted (loss) per share	(0.07)	(0.72)	(90.3)

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

The Board of Directors (the "Board") of ISR Capital Limited (the "Company") is committed to uphold good corporate governance within the Company and its subsidiaries (the "Group"). This commitment to corporate governance is seen in their continuous support of the Code of Corporate Governance in their effort to observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for its stakeholders and safeguard the Group's assets.

This Statement describes the practices which the Company has taken with respect to each of the principles and guidelines and the extent of its compliance with the revised Code of Corporate Governance 2012 (the "Code") during the financial year ended 31 December 2017 ("FY2017"). Where there are deviations from the Code, appropriate explanations will be provided.

BOARD MATTERS

The Board's Conduct of 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 success of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Company is headed by an effective Board, comprising competent individuals with diversified background and collectively brings with them a wide range of experience, to lead and control the Company.

The Board's principal functions are:

- Setting the strategic directions and long-term goals of the Group and ensuring that adequate resources are available to meet these objectives;
- Reviewing and approving financial policies, investments and divestment proposals and major funding proposals;
- Reviewing and approving the Group's annual business plan including the annual budget, capital expenditure and operational plans;
- Reviewing and evaluating the adequacy and integrity of the Group's internal controls, risk management and financial reporting system;
- Identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- Considering sustainability issues including environmental and social factors in the formulation of the Group's strategies; and
- Ensuring accurate and timely reporting in communication with shareholders.

To assist in the execution of its responsibilities, the Board has established an Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly reviewed by the Board. The roles and responsibilities of the AC, NC and RC are provided for in the later sections of this Corporate Governance Statement.

The full Board meets on a regular basis and as when necessary, to address any significant matters that may arise.

As provided for under Article 97 of the Company's Constitution, the Directors of the Company may participate in any meeting of Directors by means of a conference telephone, video conferencing, audio visual or other similar communications equipment by means of which all persons participating in the meeting can hear each other.

The number of Board and Board Committee meetings held during FY2017 and the attendance of each Director where relevant is as follows:

Type of meetings	Board	AC	NC	RC
No. of meetings held in FY2017	5	4	1	2
Attendance				
Mr Chen Tong	5/5	N/A	1/1	N/A
Mr Kwok Wei Woon	5/5	4/4	1/1	1/2
Mr Lee Ka Shao	5/5	4/4	1/1	2/2
Mr Lin, Chen Hsin(1)	4/4	3/3	N/A	1/1
Mr David Francis Rigoll(2)	0/1	N/A	N/A	N/A

N/A - Not applicable

(1) Mr Lin, Chen Hsin was appointed as Independent Non-Executive Director and a member of Audit Committee and Remuneration Committee on 8 March 2017.

(2) Mr David Francis Rigoll resigned as Executive Director on 6 March 2017.

The Board has identified the following areas for which the Board has direct responsibility for decision making:

- Approving the Group's major investments and funding decisions;
- Approving the Group's half-year and full-year results announcements for release via the SGXNET in accordance to the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST");
- Approving annual report and audited financial statements;
- Convening of shareholders' meetings;
- Approving corporate strategies;
- Approving corporate or financial restructuring;
- Approving annual management plans and budgets; and
- Approving of material acquisitions and disposal of assets.

While matters relating to the Group's objectives, strategies and policies require the Board's decision and approval, Management is responsible for the day-to-day operations and administration of the Group.

Upon appointment, each Director will receive appropriate training to ensure that the Director is familiar with the Group's business, financial performance and governance practices. Newly appointed Directors will receive a formal appointment letter setting out their duties and obligations. The Directors are continuously updated with the changes to relevant laws, regulations, changing commercial risks and financial reporting standards. To enable the Directors to remain updated with the law and corporate governance practices, the Company continues to facilitate and make arrangements for the Directors to participate in industry conferences and seminars, and attend relevant training courses, where required.

During the year, the Board was briefed and updated on the impending statutory and regulatory changes including the new/ revised financial reporting standards that are applicable for FY2017 and beyond (which includes the requirement for SGX listed companies to apply a new financial reporting framework identical to International Financial Reporting Standards ("full IFRS convergence") with effect from 1 January 2018 onwards); key areas for ACs to focus on when reviewing the enhanced auditor's reports (that are effective from December 2016); the new audit quality indicator targets set by ACRA, and the areas of review focus for 2016 financial statements under ACRA's Financial Reporting Surveillance Programme. All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are relevant to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops as relevant and/or applicable.

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.

The Board consists of four (4) members comprising the Executive Chairman and three (3) Independent Non-Executive Directors. As Independent Directors make up more than half of the Board, there is a strong independent element on the Board and no individual or groups of individuals are able to dominate the Board's decision-making process. The Independent Directors provide the Board with independent and objective judgment on the corporate affairs of the Group. They have the necessary experience to assist the Board in decision making and to provide a check and balance to the Board as they are not involved in the day-to-day operations of the Company.

The profile of each Director is presented on pages 4 to 5 of this Annual Report.

On an annual basis and upon notification by an Independent Director of a change in circumstances, the NC will review the independence of each Independent Director based on the criteria for independence as defined in the Code and recommends to the Board as to whether the Director is considered to be independent.

The Board examines its size and after taking into account the scope and nature of the Company's operations as well as the diversified background and experience of the Directors that provide core competencies in areas such as finance, accounting, business management, industry knowledge and strategic planning experience, is satisfied that the Board is of an appropriate size to facilitate effective decision making.

None of the Independent Directors have served on the Board beyond nine (9) years from their respective date of appointment.

The Independent Directors constructively review and assist the Board to facilitate and develop proposals on strategy and review the performance of Management in meeting agreed objectives and monitor the reporting performance. On the effectiveness, the Independent Directors have full access and co-operation from the Company's Management and officers. The Independent Directors have full discretion to have separate meetings and invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

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.

Mr Chen Tong was appointed as a Non-Independent Non-Executive Director of the Company on 27 October 2016 and was subsequently re-designated as Executive Chairman on 18 November 2016. He is responsible for the effective conduct of the Board as well as directing the Group's overall strategy and growth.

The Chairman ensures that Board meetings are held on a regular basis and sets Board meeting agenda for each meeting in consultation with the Directors, the Management and the Company Secretary as and when necessary. The Chairman and the Directors ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

The Chairman should:

(a) lead the Board to ensure its effectiveness on all aspects of its role;

(b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promote a culture of openness and debate at the Board;

(d) ensure that the Directors receive complete, adequate and timely information;

(e) ensure effective communication with shareholders;

(f) encourage constructive relations within the Board and between the Board and Management;

(g) facilitate the effective contribution of Non-Executive Directors in particular; and

(h) promote high standards of corporate governance.

For good corporate governance, Mr Kwok Wei Woon has been appointed as the Lead Independent Director of the Company. Shareholders of the Company with serious concerns that could have a material impact on the Group, for which contact through the normal channels of the Chairman, the Directors or Group Financial Controller have failed to resolve or is inappropriate, would be able to contact Mr Kwok or the Audit Committee members of the Company.

Board Membership

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

The Company has established a Nominating Committee to make recommendations to the Board on all board appointments. The NC comprises the following three (3) Directors, a majority of whom including the Chairman of the NC, are Independent Non-Executive Directors:

1. Mr Lee Ka Shao (Chairman)
2. Mr Kwok Wei Woon
3. Mr Chen Tong

The NC is governed by the NC's Terms of Reference which describes the duties and functions of the NC.

The duties and functions of the NC are as follows:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's competencies, commitment, contributions and performance (for example attendance, preparedness, participation, candour and others);

(b) to determine annually whether a Director is independent;

(c) where a Director has multiple board representations, to decide whether a Director is able to and has adequately carried out his duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards;

(d) to decide how the Board's performance may be evaluated and propose objective performance criteria that allow comparison with industry peers, for approval by the Board, and that address how the Board has enhanced long-term shareholders' value;

(e) to review the structure, composition and size of the Board;

(f) to review board succession plan; and

(g) to determine the appropriate training and professional development program for the Board.

The Company's Constitution provides that at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) but not less than one-third (1/3) shall retire by rotation and that all the Directors (other than a Director holding the office as Managing Director) shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives, the NC will recommend the candidate to the Board for approval. Under the Company's Constitution, a newly appointed Director shall retire at the AGM following his/her appointment and he/she shall be eligible for re-election.

At the forthcoming AGM, Mr Kwok Wei Woon will retire pursuant to Article 89 of the Company's Constitution.

As at the date of this Report, the Board comprises four (4) Directors. Details of the Directors' qualifications, initial appointment, last re-election and their directorships are as follows:

Name of Director	Position	Date of initial appointment	Date of last re-election	Academic and professional qualifications	Present Directorship in other listed companies	Past Directorship in other listed companies
Mr Chen Tong	Executive Chairman	27 October 2016	28 April 2017	1. Master of Engineering (Metallurgy) 2. Bachelor of Engineering (Thermal Engineering)	N/A	N/A
Mr Kwok Wei Woon	Lead Independent Director	14 May 2012	29 April 2016	1. Master of Commerce (Advance Finance) 2. Bachelor of Commerce (Accounting and Finance) 3. CPA (CPA Australia) 4. Certified Financial Planner	1. Asia Fashion Holdings Limited 2. CWG International Ltd (formerly known as Chiwayland International Limited)	N/A
Mr Lee Ka Shao	Independent Non-Executive Director	3 January 2017	28 April 2017	1. Bachelor of Arts 2. Bachelor of Social Sciences	Asia Fashion Holdings Limited	N/A
Mr Lin, Chen Hsin	Independent Non-Executive Director	8 March 2017	28 April 2017	Shanghai Institute of Education	N/A	Coastal Greenland Limited* *(from year 1997 to 2012)*

**Listed on Hong Kong Stock Exchange*

The NC had recommended to the Board that Mr Kwok Wei Woon be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered Mr Kwok's overall contributions and performance.

The NC has considered and taken the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities, and accordingly, each Director would personally determine the demands of his competing directorships and obligations and assess the number of directorships they could hold and serve effectively. Currently, none of the Directors hold more than two (2) directorships in other listed companies. During the financial year under review, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations, and there is presently no necessity to implement internal guidelines to address their competing time commitments. The NC is also of opinion that the current board size is adequate for the effective function of the Board.

In regard to the independence of the Directors, the NC has affirmed that all the three (3) Independent Directors are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

The Company does not have any alternate Directors' as the Board does not encourage the appointment of alternate Directors unless in exceptional cases.

Board Performance

Principle 5 : There should be a formal 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.

The Board has implemented a process in which NC will coordinate a formal assessment of the effectiveness of the Directors and the Board Committees.

On an annual basis, the NC in consultation with the Chairman of the Board, will review and evaluate the performance of the Directors and the Board as a whole. Each Director is invited to complete a Board Assessment Checklist to appraise the performance and contributions of the Directors, including the Chairman of the Board. This includes taking into consideration the attendance record at the meetings of the Board and Board Committees and also the contributions of each Director to the effectiveness of the Board.

The completed Board Assessment Checklist is then submitted for compilation and the NC will assess the results of the questionnaire and report key findings to the Board. The NC has assessed the Board's performance to-date and is of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that despite some of the Directors having board representations in other listed companies, the Directors are able to and have adequately carried out their duties as Directors of the Company.

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

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.

The Board has separate and independent access to the senior management and external auditors of the Group at all times. Request for information is dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur. The information made available to the Directors are in various forms such as quarterly, half-yearly and full-year financial results, progress reports of the Group's operations, corporate developments, regulatory updates, business developments and audit reports. Management also consults with Board members regularly and whenever necessary and appropriate. The Board is issued with Board papers timely prior to Board meetings.

Management's proposals to the Board for approval include background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations. Employees who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. In order to keep Directors abreast of the Group's operations, the Directors are also updated on initiatives and developments on the Group's business as soon as practicable and/or possible and on an on-going basis.

The Directors also have separate and independent access to the company secretaries. The roles of the company secretaries are to administer, attend and prepare minutes of Board meetings, assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Constitution, Listing Manual of the SGX-ST and other relevant rules and regulations applicable to the Company are complied with. The company secretary also attends all Board meetings. The appointment and removal of the company secretaries are decided by the Board as a whole.

A calendar of activities is scheduled for the Board a year in advance, with Board papers and agenda items dispatched beforehand to Directors, with sufficient lead-time for Directors to peruse, review and consider the items tabled at the relevant Board meetings so that the discussions at such meetings can be more meaningful and productive.

The Board in fulfilling its responsibilities as a group or individually, when deemed fit, direct the Company, at the Company's expense, to appoint an independent professional adviser, to render professional advice.

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.

The Remuneration Committee comprises the following three (3) Directors, all of whom are Independent Non-Executive Directors:

1. Mr Lee Ka Shao (Chairman)
2. Mr Kwok Wei Woon
3. Mr Lin, Chen Hsin

The RC is governed by the RC's Terms of Reference which describes the duties and powers of the RC.

The RC is responsible:

(a) to recommend to the Board a framework of remuneration for the Board and key management personnel, and to determine specific remuneration packages for each Executive Director, which covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) in the case of service contracts of Directors (if any), to review and to recommend to the Board, the terms of renewal of service contracts and to consider the compensation commitments of the service contracts in the event of early termination;

(c) in respect of any long-term incentive schemes including any share option or share scheme, to administer and to consider whether an employee or Director is eligible for the benefits under such scheme;

(d) to appoint and retain such professional consultancy firm deemed necessary to enable the RC to discharge their duties satisfactorily; and

(e) to review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's recommendations are made in consultation with the Chairman of the Board and submitted to the entire Board for endorsement. Each member of RC shall abstain from voting on any resolution in respect of his own remuneration package. Also in the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The RC ensures that the remuneration package of the Executive Chairman is in line with the Company's compensation policy. They also consider and review the disclosure of Directors' remuneration in the annual report. The RC will also ensure that the Independent Directors are not compensated excessively to the extent that their independence may be compromised.

If necessary, the RC would seek professional advice internally and/or externally pertaining to remuneration of all Directors.

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.***

In setting remuneration package for the Executive Chairman and other key management personnel, who are not Directors or CEO of the Company, the performance related elements of remuneration form a significant portion of the total remuneration package. This is to align their interests with those of shareholders, promote the long-term success of the Group, and to link rewards to corporate and individual performance. The RC will also take into consideration the pay and employment conditions within the industry and comparable companies.

The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contributions, efforts and time spent, and the responsibilities of the Directors.

The Directors' fees paid to the Non-Executive Directors of the Company each year are fixed in accordance with their level of contributions, taking into account factors such as efforts, time spent as well as responsibilities and obligations and subject to the approval of the Company's shareholders at the AGM.

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

Disclosure of Remuneration

Principle 9 : ***Each 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.***

The remuneration of the Directors and other key management personnel for FY2017 are disclosed below. The disclosure is to enable investors to understand the link between the remuneration paid to Directors and other key management personnel and their performance. The remuneration for the Executive Director and other key management personnel comprise fixed and variable components. The fixed component is in the form of fixed monthly salary whereas the variable component is linked to the performance of the Group and the individual.

The remuneration of each Director and other key management personnel have been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

The breakdown (in percentage terms) of the remuneration for each Director and key management personnel for FY2017 are as follows :

	Designation	Salary* %	Bonus* %	Share Awards %	Other Benefits %	Director Fees %	Total %
Directors							
$250,000 - $500,000							
Mr Chen Tong	Executive Chairman	91	8	–	1	–	100
Below S$250,000							
Mr Kwok Wei Woon	Lead Independent Director	–	–	–	–	100	100
Mr Lee Ka Shao	Independent Director	–	–	–	–	100	100
Mr Lin, Chen Hsin[(1)]	Independent Director	–	–	–	–	100	100
Mr David Francis Rigoll[(2)]	Former Executive Director	100	–	–	–	–	100
Other Key Management Personnel							
Below S$250,000							
Mr Vincent Lee Chung Ngee	Group Financial Controller and Company Secretary	91	8	–	1	–	100

* Inclusive of employer's contributions to Central Provident Fund

(1) Mr Lin, Chen Hsin was appointed as Independent Non-Executive Director and a member of Audit Committee and Remuneration Committee on 8 March 2017.

(2) Mr David Francis Rigoll resigned as Executive Director on 6 March 2017.

The Company does not have any employee who is an immediate family member of a Director or the Executive Chairman, whose remuneration for FY2017 exceeds S$50,000.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board is responsible to provide a balanced and understandable assessment of the Company's performance, position and prospects, to its shareholders, the public and regulators. Management provides the Board with management accounts, operations review and related explanations and any other information as the Board may require together with the financial statements on a quarterly basis.

The Board is accountable to its shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to its shareholders in compliance with the relevant statutory and regulatory requirements and the Listing Manual of the SGX-ST.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced and issued within the statutory prescribed periods.

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 the 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.***

The Board is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholders' interests and the Group's assets. The system of internal controls provides a reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The AC and the Board believe 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.

The Group has a formal Risk Management Framework for identification of key risks within the business. The Group regularly reviews its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The AC assists the Board in the oversight of risk management in the Group. It reviews the effectiveness of the overall risk management system in meeting sound corporate governance principles. The Group's risk management process is an ongoing process and requires continuing identification, assessment, monitoring and management of significant risks. The AC will report any material matters including findings and recommendations pertaining to risk management to the Board.

As part of the annual statutory audit and internal audit, the Group's external auditor and internal auditor conducted an annual review, in accordance with their audit plan, of the effectiveness of the Group's material internal controls relevant to the Group's preparation of financial statements. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC as part of their review. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditor in this respect, if any.

In the absence of any evidence to the contrary, it is the opinion of the Board, with the concurrence of the AC, that the risk management and system of internal controls maintained by the Group's Management that is in place throughout FY2017 and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. The Board notes that all risk management and system of internal control contain inherent limitations and no risk management and system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, the work performed by the internal and external auditors and the documentation on the Group's key risks, reviews performed by Management, AC and the Board, the AC and the Board are of the opinion that the Group's risk management and internal controls, addressing financial, operational, information technology and compliance risks, were effective and adequate. This is in turn supported by assurance from the Executive Chairman and the Group Financial Controller that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and

(b) they have evaluated the effectiveness of the Group's risk management and internal controls and have discussed with the Group's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of risk management and internal controls which could adversely affect the Group's ability to record, process, summarise or report financial data.

The Company has disclosed that it is assisting with an investigation by the Commercial Affairs Department of the Singapore Police Force ("CAD") in a public announcement dated 3 April 2014. In response to the on-going investigation by CAD, the Board has put in place the following measures and controls to further safeguard the shareholders' interests in the Company:

(a) Management to notify the AC and seek AC's approval before any investment transactions are undertaken by the Group.

(b) The Group's business continuity plan should be enhanced to include identifying suitable personnel to replace any key executive or employee.

On 9 December 2016, the Company has been served a joint notice dated 7 December 2016 by Monetary Authority of Singapore and CAD (collectively referred to as the "Authorities") which states that the Authorities are investigating into an offence under the Securities and Futures Act (Chapter 289) and require access to certain documents and information pertaining to the Company.

As of the date of this Statement, the Authorities have not disclosed to the Company any further details nor provided any further updates on their investigations. Given the uncertainties in relation to the target(s) and subject matter of the on-going investigations by the Authorities, the Board of Directors and Management are not able to ascertain the impact of these investigations, if any, to the Company and the Group and to their ongoing business operations and furthermore, the implications of such investigations, if any, to the Group's and the Company's financial statements for the financial year ended 31 December 2017. The Company remains unaware of the commission of any offence in connection with the investigations by the Authorities and has been cooperating fully with the Authorities in their investigations.

Apart from the investigations by the Authorities which have given rise to some uncertainties, the Company and its subsidiaries have kept full and proper accounting records, the full access whereof were provided and fully disclosed to the independent auditors.

Audit Committee

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

The AC comprises the following three (3) Directors, all of whom are Independent Non-Executive Directors:

1. Mr Kwok Wei Woon (Chairman)
2. Mr Lee Ka Shao
3. Mr Lin, Chen Hsin

The Board ensures that the members of the AC are appropriately qualified to discharge their responsibilities. Mr Kwok Wei Woon, Mr Lee Ka Shao and Mr Lin, Chen Hsin are all qualified professionals and they possess the requisite accounting and financial management expertise and experience.

The AC takes measures to keep abreast of the changes to the financial reporting standards and issues which have a direct impact on the financial statements, with regular updates by the independent auditors on changes or amendments to financial reporting standards.

The AC is governed by its Terms of Reference which highlights its duties and functions as follows :

(a) to review with the external auditor, the audit plan, their evaluation of the Group's system of internal accounting controls, their audit report, management letter and Management's responses; and also to review the assistance given by the Company's officers to the external auditor;

(b) to review the scope and results of audit and its cost effectiveness and the independence and objectivity of the external auditor. Where the external auditor also provides a substantial volume of non-audit services to the Company, to review the nature and extent of such services to maintain the balance of objectivity and value for money;

(c) to review the half-year and full-year financial results of the Company and the consolidated financial statements of the Group before submission to the Board for approval;

(d) to review annually the effectiveness of the Company's material internal controls including financial, operational, information technology and compliance control and risk management;

(e) to review the independence of the external auditor annually;

(f) to consider and make recommendations to the Board on the appointment, re-appointment and removal of external auditor, their remuneration and terms of engagement;

(g) to ensure that the internal audit function, is adequately resourced and has appropriate standing within the Company and to review the adequacy of the function annually;

(h) to review the scope and results of the internal audit procedures;

(i) to meet with the external and internal auditors without the presence of Management, annually;

(j) to review interested persons transactions to comply with the rules of the Listing Manual of the SGX-ST and other relevant statutory requirements and any potential conflicts of interest; and

(k) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the operating results and financial position of the Group.

The AC has the power to conduct and authorise investigations into matters within the AC's scope of responsibility. The AC also has full access to and co-operation of the Company's Management and has full discretion to invite any Director or executive officer to attend the AC meetings, and has been given the reasonable resources to enable it to discharge its functions.

During FY2017, the AC met four (4) times to discuss the following matters :

(a) reviewed the draft announcements of the unaudited results for the full-year ended 31 December 2016 and the half-year ended 30 June 2017, before recommending it to the Board for approval;

(b) reviewed the external auditor's report for the financial year ended 31 December 2016;

(c) reviewed the nature and extent of non-audit services provided by the external auditor during the financial year ended 31 December 2016 and reviewed the external auditor's independence;

(d) met with the external auditor without the presence of Management;

(e) reviewed the adequacy of the scope of the Group's internal audit function and ensuring its appropriate standing within the Group for the financial year ended 31 December 2017;

(f) reviewed the proposal for internal audit service for the financial year ended 31 December 2017;

(g) reviewed the interested persons transactions (if any);

(h) reviewed the Corporate Governance Statement for disclosure in the Company's 2016 Annual Report;

(i) proposed and recommended the appointment of the external auditor for FY2016; and

(j) reviewed and approved the external auditor's plan for the financial year ended 31 December 2017.

For FY2017, the aggregate amount of fees paid or payable to the external auditor of the Group amounted to S$62,500 including audit fees of S$55,000 and non-audit services fees of S$7,500. The AC has reviewed all non-audit services provided by the external auditor and is satisfied that these non-audit services would not affect the independence and objectivity of the external auditor.

The Company has in place a Whistle-Blowing Policy to enable persons employed by the Group a channel to report any suspicions of non-compliance with regulations, policies and fraud, etc, to the appropriate authority for resolution, without any prejudicial implications to these employees. The AC has been vested with the power and authority to receive, investigate and enforce appropriate actions when any such non-compliance matter is brought to its attention.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiaries. There were no former partners or directors of the Company's existing audit firm or audit corporation acting as a member of the AC. The AC recommended to the Board the reappointment of Messrs RT LLP as the external auditor of the Company at the forthcoming AGM.

Internal Audit

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

The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner.

The Group has outsourced its internal audit function for FY2017 to Mazars LLP (the "Internal Auditor"). The Internal Auditor reports directly to the Chairman of the Audit Committee.

The role of the Internal Auditor and scope of its responsibilities are as follows:

(a) Evaluates and provides reasonable assurance that risk management, control, and governance systems are functioning as intended and will enable the Group's objectives and goals to be met;

(b) Reports risk management issues and internal controls deficiencies identified directly to the Audit Committee and provides recommendations for improving the Group's operations, in terms of both efficient and effective performance;

(c) Evaluates regulatory compliance with applicable laws and regulations;

(d) Evaluates information security and associated risk exposures;

(e) Evaluates the Group's readiness in case of business interruption; and

(f) Maintains open communication with Management and the Audit Committee.

To achieve its objectives, the Internal Auditor has unrestricted access to all records, properties and personnel of the Group. The Internal Auditor reviews the internal audit procedures and ensures that the internal audit function meets the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

During the year, the Internal Auditor followed up on prior year's audit findings and reviewed the following key areas of the Group:

(i) Investment and divestment management; and

(ii) Cash and treasury management.

The Audit Committee will review the adequacy of the internal audit function annually. Based on the Audit Committee's review, the Audit Committee believes that the Internal Auditor is independent and has the appropriate standing within the Group and has adequate resources to perform its function effectively and objectively.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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.***

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.***

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.***

The Company does not practice selective disclosure. In line with the continuous obligations of the Company pursuant to the Listing Rules of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and press releases;
- Annual Reports and Circulars prepared and issued to all shareholders;
- Company's website at www.isrcap.com, at which shareholders may have access to information on the Group.

At the Company's general meetings, shareholders are given the opportunity to voice their views and ask Directors or Management questions regarding the Group. These meetings provide excellent opportunities for the Board to engage with shareholders to solicit their feedback. The Company's Constitution allows a shareholder to vote at any general meeting of the Company either personally or by proxy or by attorney or in the case of a corporation by a representative. When appointing a proxy, a shareholder may appoint one or two proxies to attend and vote in place of the shareholder. The Company's Constitution currently do not allow a shareholder to vote in absentia.

The Chairman of the AC, NC and RC, or members of the respective committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. The external auditor is also present at each AGM to address shareholders' queries about the conduct of the audit and the preparation and content of the auditor's report.

There are separate resolutions at the general meetings to address each distinct issue.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

The Group does not have a dividend policy in place at present. The Board may consider adopting a dividend policy in the future. In determining the form, frequency and amount of dividends that the Company may recommend or declare in respect of any particular year or period, the Board will take into consideration of the Group's profit growth, cash position, projected capital requirement for business growth and other factors as the Board may deem appropriate.

The Board has not declared any dividend payment for FY2017 after taking into account various factors, including the Group's business plans and the level of funding required for the Group's operations.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

MATERIAL CONTRACTS

There were no material contracts including loans that are either still subsisting at the end of FY2017 or entered into by the Group during FY2017, involving the interests of any Director, or the controlling shareholders. For full disclosure, the Company engaged Skeel Advisors Pte. Ltd. in FY2017 to provide consultancy services in relation to the Group's investment in Straits Hi-Rel Pte. Ltd. Mr Lee Ka Shao, who is an Independent Director of the Company, is the managing director and sole shareholder of Skeel Advisors Pte. Ltd. The contract with Skeel Advisors Pte. Ltd. is not considered to be a material contract.

INTERESTED PERSON TRANSACTIONS

During FY2017, there was no interested person transaction entered into by the Group, as defined under the Listing Manual other than the provision of consultancy services by Skeel Advisors Pte. Ltd. in relation to the Group's investment in Straits Hi-Rel Pte. Ltd. As disclosed, Mr Lee Ka Shao, who is an Independent Director of the Company, is the managing director and sole shareholder of Skeel Advisors Pte. Ltd. The value of the contract with Skeel Advisors Pte. Ltd. was significantly less than 3% of the Group's latest audited net tangible assets and was significantly below S$100,000.

DEALING IN SECURITIES

In line with the Rule 1207 (19) of the Listing Manual of the SGX-ST, the Company has in place a policy prohibiting share dealings by Directors and employees of the Group when in possession of undisclosed price sensitive information or for the period of one (1) month before the release of the announcement of the Company's half-year and full year financial results, with the restriction ending on the day after the announcement of the relevant results.

Directors and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. An officer should also not deal in the Company's securities on short-term considerations. All employees of the Group have to obtain written approval before dealing in securities in their own accounts or in accounts which they have control or influence over.

UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF CONVERTIBLE REDEEMABLE BONDS OF S$9,000,000 AS AT 31 DECEMBER 2017

The Company refers to the net proceeds of approximately S$8.29 million raised from the issuance of convertible redeemable bonds as at 31 December 2017.

As at 31 December 2017, the status on the use of the net proceeds raised from the issuance of convertible redeemable bonds in S$'000 is as follows:

	Amount utilised S$'000
Investments and general corporate purposes	5,674
General working capital*	2,028
Total net proceeds raised from issuance of convertible redeemable bonds	7,702

* The breakdown of the amount utilised for general working capital is as follows:

	S$'000
Wages and salaries and other short-term employee benefits and employer's contributions to Central Provident Fund	930
Office and warehouse rental	218
Directors' fees	237
Professional fees (including legal, secretarial, investor relations)	148
Listing related expenses	90
Office expenses	45
Repair and maintenance	22
Insurance premiums	73
Others	265
Total	2,028

UTILISATION OF PROCEEDS RAISED FROM PLACEMENT OF 70,588,236 SHARES AS AT 31 DECEMBER 2017

The Company refers to the net placement proceeds of approximately S$5.78 million raised from the placement of 70,588,236 new ordinary shares in the capital of the Company (the "Placement") which arose from the first of a two-tranche share placement that was completed October 2016.

As at 31 December 2017, the status on the use of the net placement proceeds in S$'000 is as follows:

	Amount utilised S$'000
Working capital in relation to the proposed acquisition by the Company of a 60% shareholding in Tantalum Holding (Mauritius) Ltd from REO Magnetic Pte Ltd	4,084
General working capital**	1,696
Total net placement proceeds	5,780

** The breakdown of the amount utilised for general working capital is as follows:

	S$'000
Wages and salaries and other short-term employee benefits and employer's contributions to Central Provident Fund	855
Office and warehouse rental	239
Professional fees (including legal, secretarial, investor relations)	222
Insurance premiums	46
Renovation and relocation expenses	51
Directors' fees	75
Travelling expenses	26
Repair and maintenance	22
Others	160
Total	1,696

SUSTAINABILITY REPORT

This is the Group's inaugural Sustainability Report (the "Report"), which has been prepared in accordance with the requirements of SGX Listing Rules 711A and 711B and, where applicable, the guidelines as set out in SGX Practice Note 7.6 *Sustainability Reporting Guide*. The SGX Listing Rule 711B requires a description of the Company's sustainability practices with reference to five primary components, as set out in Listing Rule 711B(1), on a 'comply or explain' basis.

Board Statement

The Group is committed to upholding good corporate governance and best business practices that cultivate and promote accountability, integrity and transparency for the continued sustainability of its businesses and value creation for its stakeholders in the long-run. The Board of Directors along with the management team at ISR Capital Limited sets out a framework for the Group's sustainability efforts that will enable the Group to manage and address the Economic, Environmental, Social, and Governance ("EESG") factors that are material to its businesses.

As previously announced, the Group has entered into two sale and purchase agreements to acquire a 60%-stake in Tantalum Holding (Mauritius) Ltd ("THM") (the "Proposed Acquisition"). THM owns 100% of Tantalum Rare Earth Malagasy s.a.r.l.u. ("TREM"), which holds an exploration licence for a concession that hosts critical rare earth oxides in Madagascar (the "Project"). The Group is awaiting regulatory approval for the proposed acquisition following which it will convene an Extraordinary General Meeting to seek shareholders' approval. The Group is confident of the potential of rare earths, which are used for diverse applications such as specialised magnets for portable X-ray equipment and electric vehicles. In particular, car manufacturers will need rare earths to make durable batteries for electric vehicles, the demand for which is growing rapidly and has yet to reach its peak. The Group will continue with its efforts to obtain the necessary regulatory and shareholder approvals to complete the proposed acquisition. Upon completion of the proposed acquisition, THM will be the Group's main operating entity.

In addition, as previously announced on 18 September 2017, the Group had on 17 September 2017, entered into an Investment and Shareholders Agreement with Straits Hi-Rel Pte Ltd ("SHR") and the original shareholders of SHR to invest up to S$2.68 million and acquire a 25%-stake in SHR based on certain agreed milestones. The acquisition will be completed in five stages with Stage 3A having been completed on 3 January 2018. The remaining two stages are expected to be completed by the second or third quarter of 2018. SHR provides high-reliability ("Hi-Rel") engineering services and is in the process of setting up a Hi-Rel Technology Centre in Singapore dedicated to speciality testing and back-end manufacturing for integrated chips and electronic modules targeted for end applications in the automotive, energy (oil and gas) and industrial sectors. SHR has commenced operations in FY2018.

Report Scope and Sustainability Reporting Framework

The Sustainability Report covers the fiscal period from 1 January 2017 to 31 December 2017.

The Group has adopted the globally recognised Global Reporting Initiative ("GRI") Standards: Core Option when preparing this Report and has not sought any external assurance for this Report. The information and data in this Report are reported in good faith and to the best of the Group's knowledge as the Group continues to strengthen its data collection processes.

This Report, together with the Corporate Governance Report on pages 8 to 23, documents the Group's EESG factors and the policies, practices and performance of the business operations. Owing to the current reduced scale of its operations, the Group has not set targets for its material EESG factors but aims to do so upon completion of the proposed acquisition of 60% of THM. No comparatives for the prior year have been presented as this is the first year of reporting.

All feedback on this Report are welcome. Please send your feedback and comments on this Report to enquiry@isrcap.com.

Materiality Assessment

The Group's materiality definition is guided by the GRI reporting framework and assessing and updating the materiality of EESG factors is an ongoing process which will be based on feedback gathered during periodic internal reviews of the Group's business model and strategy and engagement with its stakeholders.

Material EESG Factors

The Group has identified the following material EESG factors that are important to the sustainability of our organisation and business:

(i) Economic Performance
(ii) Corporate Governance
(iii) Employees
(iv) Environment
(v) Community
(vi) Corporate Communication

Economic Performance

More details about the Group's economic performance can be found in the accompanying financial statements on pages 37 to 78 of the Annual Report for FY2017.

Corporate Governance

As part of maintaining good corporate governance, the Group advocates ethical business practices and adopts zero tolerance for bribery and corruption in its dealings and operations. All employees shall abide by and comply with the rules and guidelines set out in ISR Capital's Code of Conduct. The Internal Audit team reviews annually the adequacy and effectiveness of the Group's material internal controls. Any irregularities identified involving unethical business conduct will be reported to the Audit Committee, which will in turn take appropriate actions. As part of the whistleblowing policies and procedures, any employee of the Group may, in confidence, raise concerns and report any suspicions of non-compliance with regulations, policies, fraud, etc to the appropriate authority for resolution without any prejudicial implications to these employees.

More details about the Group's corporate governance practices are set out in the Corporate Governance Statement which can be found on pages 8 to 23 of the Annual Report for FY2017.

Employees

The Group's employees are undoubtedly its most valuable asset and the Group is heavily invested in the personal and professional development of its staff. Relevant and adequate training and development opportunities are provided to help them enhance their capabilities and productivity - enabling them to excel and further contribute to the Group's success in their respective professional fields.

Employees are also sent to attend relevant training courses and seminars as required by their respective professional bodies and are provided with study leave/time-off to allow them to sit for relevant examinations/tests. In FY2017, the average number of training hours invested in each employee was approximately 15.8 hours. The Group is committed to continuously provide more training and development programmes to help employees and directors maximise their potential.

Employing, nurturing and retaining qualified and experienced employees has become a part of the Group's strategy to achieve sustainable development and growth. The Group acknowledges the importance of social equity and the provision of equal opportunities in an environment that is safe and healthy for its employees; this includes hiring without prejudice, regardless of age, gender and ethnicity. The Group is against the hiring of child labour and requires its service providers and sub-contractors to do the same before engaging their services. The Group is committed to implement this requirement as a policy for the Project in Madagascar upon successful completion of the Proposed Acquisition of 60% of THM.

All employees are subjected to annual performance reviews and target setting sessions with their direct reports. As at 31 December 2017, the Group employs four full-time Singaporean employees with all of whom are based in Singapore.

Environment

The Group has adopted environmentally-friendly practices and is committed to contribute to the cause in protecting, preserving and improving the environment for a sustainable business. The Group will strictly comply with all environmental protection-related legal requirements imposed by regulatory authorities and expects its business partners and service providers to commit and adhere to the same standards.

SUSTAINABILITY REPORT

The Group's electricity consumption for FY2017 at its corporate office in Singapore was 9,753 kWh or an average of 886.6 kWh per month.

In relation to the Proposed Acquisition of 60% of THM which is awaiting regulatory and shareholder approvals, the Group plans to adhere to the Environmental Impact Assessment ("EIA") directive set out by the Government of Madagascar. This directive provides clear guidance that the development of the Project must meet the objectives of sustainable development and create lasting benefits to communities through an integrated consideration of social, environmental and economic aspects.

It is understood that the Project in Madagascar would have an environmental impact when it commences operations and construction of facilities and infrastructure required for mining activities. However, significant benefits, in the forms of employment, economic development and the creation of social capital, will also flow from the Project. With a formal EIA and management plan in place in due course, the Group is confident that the environmental impact of the Project would be manageable.

Community

The Group feels strongly about contributing to the societies and communities that the Group operates in. Hence, aside from creating jobs and contributing economically, the Group intends to support certain approved charitable organisations/causes through voluntary financial contributions and/or volunteering resources as part of the Group's corporate social responsibility ("CSR").

Post completion of the proposed acquisition of 60% of THM, the Group will support TREM to continue with its social and environmental programmes that, to date, have included the hiring of local people, participating in community projects and adhering to strict environmental procedures (including the rehabilitation of all work sites and the planting of trees and shrubs).

TREM maintains good relations with local villagers within the project area. Wherever possible, not only are local people employed for the exploration work, government regulations and guidelines are also followed strictly - compensations are paid for the disturbance of land and crops for road access, drill sites, and pitting sites. Furthermore, TREM advises that it supports a number of community development programmes, principally in the healthcare and education areas, including support for teachers' salaries, local healthcare centres, and providing assistance with infrastructure (roads, lighting, community centres). To progress the project to a mining stage, an EIA including a social impact study will be required to accompany the mining licence (PE) application.

The social and economic benefits to be created through the Project in Madagascar are as follows:

- A considerable number of jobs would be created through the Pilot Production phase and subsequent phases;
- Many of these jobs could potentially be offered to women, providing additional income to communities, families and individuals; and
- A local suppliers policy would be considered and adopted with many contracts likely to be awarded to local suppliers, which in turn would support the local economy.

Among the social impact management actions proposed would include:

- A compensation policy framework to be developed by TREM to mitigate any social impacts possible through the loss of land by families or groups; and
- An ongoing community consultation program with the public, providing a high degree of engagement with the community.

This aspect of the Project will be revisited as soon as more immediate requirements are met and upon completion of the Proposed Acquisition.

Corporate Communication

The Group is committed to creating long-term value for all its stakeholders and will continue to maintain ongoing communication and engagement with its stakeholders. Details of this communication and engagement are set out in the section on "Shareholders Rights and Responsibilities" of the Corporate Governance Statement on pages 20 to 21 of the Annual Report for FY2017.

Post completion of the proposed acquisition of the Project in Madagascar, the Group will continue to engage and update the local community in Madagascar on the development of the Project as part of an ongoing community consultation programme with the public.

GRI Content Index

General Standard Disclosures

GRI Standard	Disclosure	Page Number(s) and/or URL
102-1	Name of the organisation	ISR Capital Limited
102-2	Activities, brands, products, and services	Page 42 of Annual Report
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore
102-5	Ownership and legal form	Page 42 of Annual Report
102-6	Markets served	Page 77 of Annual Report
102-7	Scale of the organisation	Pages 60 to 61 of Annual Report
102-8	Information on employees and other workers	Page 25 of Annual Report
102-10	Significant changes to the organisation	Pages 2 to 3 of Annual Report
102-14	Statement from the most senior decision-maker	Letter to Shareholders (pages 2 to 3); Board Statement (page 24)
102-16	Values, principles, standards, and norms of behaviour	Minimising our environmental footprint; Caring for our people
102-18	Governance structure	Pages 8 to 23 of Annual Report
102-40	List of stakeholder groups	Pages 24 to 26 of Annual Report
102-41	Collective bargaining agreements	ISR Capital Limited does not have collective bargaining agreements
102-42	Identifying and selecting stakeholders	Pages 24 to 26 of Annual Report
102-43	Approach to stakeholder engagement	Page 26 of Annual Report
102-44	Key topics and concerns raised	Pages 25 to 26 of Annual Report
102-45	Entities included in the consolidated financial statements	Pages 60 to 61 of Annual Report
102-46	Defining report content and topic boundaries	Pages 24 to 25 of Annual Report
102-47	List of material topics	Pages 25 to 26 of Annual Report
102-48	Restatement of information	Not applicable as this is the Group’s first Sustainability Report
102-49	Changes in reporting	Not applicable as this is the Group’s first Sustainability Report
102-50	Reporting period	Page 24 of Annual Report
102-51	Date of most recent report	This is the Group’s first Sustainability Report
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Page 24 of Annual Report
102-54	Claims of reporting in accordance with the GRI Standards	Page 24 of Annual Report
102-55	GRI content index	Pages 27 to 28 of Annual Report
102-56	External assurance	None, see page 24 of Annual Report

GRI Content Index

Specific Standard Disclosures

GRI Standard	Disclosure	Page Number(s) and/or URL
103-1	Explanation of the material topic and its boundary	Pages 25 to 26 of Annual Report
103-2	The management approach and its components	Pages 25 to 26 of Annual Report
103-3	Evaluation of the management approach	Pages 25 to 26 of Annual Report
302-1	Energy consumption within the organisation	Page 26 of Annual Report
404-1	Average hours training per year per employee	Page 25 of Annual Report
409-1	Operations and suppliers at significant risk for incidents of child labour	Page 25 of Annual Report
413-1	Operations with local community engagement, impact assessments and development programs	Pages 25 to 26 of Annual Report

REPORT OF THE AUDIT COMMITTEE

The Audit Committee ("AC") has full access to and cooperation from management of the Company and the Group. The AC has been given the resources required to discharge its functions properly. The executive management of the Company are invited to attend most, if not all, of the meetings of the AC. The external auditor and the outsourced internal auditor have unrestricted access to the AC and are invited to attend the AC meetings as and when required. The AC meets with the external auditor and/or the outsourced internal auditor, without the presence of management, at least once a year.

The AC held four (4) quarterly meetings which were scheduled during the financial year ended 31 December 2017 ("FY2017"). During the quarterly-scheduled meetings, the AC reviewed the quarterly / half-yearly / full-year financial accounts, including relevant supporting schedules, prepared by management.

Key Audit Matters

The AC noted that the external auditors have issued a "Disclaimer of Opinion" and did not express an opinion on the accompanying consolidated financial statements of the Group as at and for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In view of this, the AC considered a number of key audit matters highlighted by the external auditors during the course of their audit for FY2017 and in respect of these key audit matters, the AC's comments are as follows:

Key Audit Matters for FY2017		**Comments by the AC**
1.	Valuation, Recoverability and Impairment of Trade Receivables and Debt Securities	During FY2017, the AC reviewed management's assessment of the recoverability of amounts due from trade debtors and borrowers as well as the level of impairment allowance required on the long outstanding debts. In June 2017, the Group commenced Singapore Court proceedings against a borrower, PT Permata Selaras Mandiri ("PT PSM") and its guarantor, Mr Harun Abidin, to recover the amount of S$4.24 million owing to the Group plus interest accruing on the outstanding amount. On 13 July 2017, the Group obtained the leave of the Singapore Court to effect service of the relevant Court papers for Suit 513 on PT PSM and Mr Harun Abidin out of jurisdiction in Indonesia. The Company has since also made arrangements for the said Court papers to be served on PT PSM and Mr Harun Abidin through the proper governmental authorities and is currently waiting for the said authorities to provide an update as to whether successful service of the said Court papers has been effected. The AC also noted that one of the debtors, Apexis Offshore Limited, did not enter an appearance in the High Court of Singapore to defend the writ of summons and the statement of claim that have been served on the debtor in December 2017 and the Group has successfully obtained default judgment against the debtor in February 2018, where the debtor has been ordered to pay the Group S$1.685 million, interest at 5.33% per annum from the date of the writ to judgment and costs fixed at S$4,550.84. However, the AC noted that the Group is not confident of the recovery of the aforesaid judgment debt owing by Apexis Offshore Limited, which is a non-resident domestic corporation incorporated in the Marshall Islands, because of difficulties in obtaining information necessary to enable the Group to take steps to enforce and satisfy the said judgment debt. In this regard, the Group has been unable to ascertain the location and the nature of assets owned by Apexis Offshore Limited and the identities of the current director(s) of Apexis Offshore Limited. The amount owing by this debtor has however been fully impaired by the Group. The AC noted that the Group is not confident of the recovery of the fees of S$846,216 owing by Primeforth Renewable Energy Limited as the Group has sought and obtained legal advice that the Group has a less than even chance of succeeding in a claim for the outstanding amount, which has been fully impaired by the Group.

REPORT OF THE AUDIT COMMITTEE

Key Audit Matters for FY2017		Comments by the AC
		The AC noted that the Group is confident of the eventual recovery of the debt securities / loans of approximately S$5.46 million and S$434,000 (both amounts inclusive of accrued interest) that have been respectively extended to Tantalum Holding (Mauritius) Ltd ("THM") and Tantalus Rare Earths AG ("TRE AG") as at 31 December 2017. The Group derived comfort from the fact that the loans to THM and TRE AG are secured respectively by share pledges of 60% and 8% shareholding interests in THM. THM owns 100% of Tantalum Rare Earth Malagasy s.a.r.l.u. ("TREM"), which holds exploration licence PR 6698 (the "PR Licence") for a concession that hosts critical rare earth oxides in Madagascar (the "TREM Project"). In the Independent Qualified Persons Technical Report issued by Behre Dolbear Australia Pty Limited ("BDA") on 21 September 2017, BDA gave an overall assessment of the TREM Project in Madagascar at its current stage of development to be a range of US$25.2 million to US$74.5 million with a preferred most likely value of US$48.1 million (approximately S$65.1 million), which translates to approximately US$28.9 million (approximately S$39.1 million) for a 60%-stake of the TREM Project or US$3.8 million for a 8%-stake, both of which appears sufficient to support the value of the share pledges of 60% and 8% shareholding interests in THM that were provided to the Group in respect of the loans granted to THM and TRE AG respectively. The AC further noted that as at the date of this Report, the PR Licence had expired in January 2017. One further renewal period of three (3) years is allowed and the application for the second three (3) year renewal was made on 7 December 2016 by TREM. The AC understands that the application renewal is currently awaiting the signature of the Minister of Mines and the Prime Minister of Madagascar. The Group has since sought a legal opinion from Lexel Juridique & Fiscal ("Lexel"), a law firm that is operating and based in Madagascar, in relation to the PR Licence. Lexel is of the opinion that the admissibility of the renewal application cannot be challenged, in as much as the national mining cadastral office (the "BCMM") has acknowledged receipt of the application on 7 December 2016 and the main conditions for renewal and/or grant of a mining tenement are fulfilled. Lexel has also stated that there is usually a delay for BCMM to make a decision on the renewal of a tenement, and the delay is usually between three (3) to six (6) months. The last renewal process of the tenement took more than a year, from 18 December 2012 to 24 January 2014. Overall, the AC is satisfied that the Group is taking appropriate steps and actions, which includes, *inter alia*, taking the necessary legal actions and obtaining adequate collateral securities, to recover and/or secure the amounts due from the trade debtors and borrowers and concurs with the management on the level of impairment allowance required with respect to the outstanding amounts due from the trade debtors and borrowers.
2.	Going Concern of the Company and Group	The AC noted that the Company has raised a total of S$3,800,000 (net of arranger's fees) through the issuance of Sub-Tranches 1 to 4 of Tranche 2 convertible redeemable bonds to Premier Equity Fund during FY2017. Subsequent to 31 December 2017, the Company further raised another S$1,900,000 (net of arranger's fees) through the issuance of Sub-Tranche 5 of Tranche 2 and Sub-Tranche 1 of Tranche 3 convertible redeemable bonds. In view of the above, the AC is of the opinion that the Company and the Group would be able to continue to operate as a going concern for the next 12 months.

Key Audit Matters for FY2017			Comments by the AC
3.	(a)	Investigations commenced by the Commercial Affairs Department (the "CAD") in April 2014 (the "2014 investigations"); and	The AC notes that as of the date of this Report, the CAD and the MAS (collectively the "Authorities") have not disclosed to the Company any further details nor provided any further updates on their investigations and the Company remains unware of the commission of any offence in connection with the 2014 and 2016 investigations by the Authorities and has been cooperating fully with the Authorities in their investigations.
	(b)	Investigations commenced by the Monetary Authority of Singapore (the "MAS"), jointly with the CAD in December 2016 (the "2016 investigations")	

On behalf of the Audit Committee,

Kwok Wei Woon
Chairman of the Audit Committee

Singapore
5 April 2018

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2017

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

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

Directors

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

Chen Tong
Kwok Wei Woon
Lee Ka Shao (appointed on 3 January 2017)
Lin, Chen Hsin (appointed on 8 March 2017)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate, other than as disclosed under the section on "Share awards" in this statement.

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee (No. of ordinary shares)			Holdings in which director is deemed to have an interest (No. of ordinary shares)		
The Company	**At 1.1.2017 or date of appointment, if later**	**At 31.12.2017**	**At 21.01.2018**	**At 1.1.2017 or date of appointment, if later**	**At 31.12.2017**	**At 21.01.2018**
Chen Tong	23,529,412	23,529,412	23,529,412	–	–	–
Kwok Wei Woon	1,921,000	1,921,000	1,921,000	–	–	–

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

Except as disclosed above, there were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or any corporation in the Group.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

There were no unissued shares of the Company or any corporation in the Group under option at the end of the financial year.

Share awards

ISR Performance Share Plan

The shareholders of the Company approved the ISR Performance Share Plan (the "Share Plan") at an Extraordinary General Meeting on 8 September 2015.

The Share Plan is administered by the Remuneration Committee. The Share Plan enables the Company to award ordinary shares (the "Award") in the capital of the Company to directors and eligible employees in recognition of their contributions made to the Group.

The aggregate number of shares to be issued under that Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time-to-time.

The Company granted Awards totaling 42,161,000 new ordinary shares in the capital of the Company to directors and eligible employees under the ISR Performance Share Plan on 22 March 2016.

There were no Awards granted by the Company during the financial year ended 31 December 2017.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

(i) Kwok Wei Woon (Chairman)
(ii) Lee Ka Shao (appointed on 3 January 2017)
(iii) Lin, Chen Hsin (appointed on 8 March 2017)

All members of the Audit Committee are independent non-executive directors.

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

(a) the scope and the results and its report on the weaknesses of internal accounting controls arising from internal audit procedures issued by the internal auditor;

(b) the audit plan of the Company's independent auditors;

(c) the assistance given by the Company's management to the independent auditors; and

(d) the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 before their submission to the Board of Directors, as well as the Independent Auditors' Report on the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017.

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

Further details regarding the Audit Committee are disclosed in the Corporate Governance Statement.

Pursuant to Listing Rule 1207(6)(b), the Audit Committee has undertaken a review of all non-audit services provided by the auditors and they would not, in the Audit Committee's opinion, affect the independence of the auditors.

Independent auditor

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

On behalf of the board of directors

Chen Tong Executive Chairman and Executive Director	Kwok Wei Woon Lead Independent Non-Executive Director

5 April 2018

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of ISR Capital Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, 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 37 to 78.

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

Basis for Disclaimer of Opinion

(1) Loans to Tantalum Holding (Mauritius) Ltd and Tantalus Rare Earths AG

We were unable to determine the recoverability of loan receivable of S$5,898,150 to Tantalum Holding (Mauritius) Ltd ("THM") and Tantalus Rare Earths AG ("TREAG") which is stated as debt securities (S$5,322,075) and trade receivables (S$576,075) on the consolidated statement of financial position as at 31 December 2017 as management is currently awaiting the approval of the renewal of exploration licence PR 6698 (the "PR Licence") by the Madagascar government and are unable to determine whether there will be sufficient future cash flows from THM and TREAG to repay the loans.

(2) Going Concern

During the financial year ended 31 December 2017, the Group incurred net loss of $1.4 million and net operating cash outflows of $1.8 million. These conditions indicated the existence of a material uncertainty which may cast a significant doubt over the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis as the Directors are of the view that the proposed acquisition of THM will be forthcoming once the approval of renewal of the PR licence is obtained and the acquisition of THM is cleared by SGX and approved by shareholders of the Company.

The validity of the going concern basis on which the financial statements are prepared depends on the Directors' assessment of the Group's ability to operate as a going concern as set forth above. The assumptions are premised on future events, the outcome of which are inherently uncertain.

Accordingly, we are unable to assess the appropriateness of the management's use of going concern assumption in the preparation of the financial statements. If the Group were unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify its non-current assets and non-current liabilities as current assets and current liabilities respectively. No such adjustments have been made to these accompanying financial statements.

As a result of the above matters, we were unable to determine whether any adjustments might have been found necessary in respect of the debt securities and the trade receivables which may be realised other than under the normal course of business, and the elements making up the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISR CAPITAL LIMITED
For the Financial Year Ended 31 December 2017

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 Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Su Chun Keat.

RT LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

	Note	Group 2017 S$	2016 S$
Revenue	4	**576,075**	349,661
Other gains/(losses), net	5	**20,218**	(131,060)
Other income	6	**16,143**	290,733
Employee benefits expense	7	**(830,778)**	(1,421,831)
Depreciation	19	**(52,013)**	(90,696)
Other operating expenses	8(a)	**(1,146,923)**	(7,273,460)
Finance costs	8(b)	**(3,407)**	(5,759)
Loss before tax		**(1,420,685)**	(8,282,412)
Income tax credit	9	**–**	5,535
Loss for the year, representing total comprehensive loss for the year		**(1,420,685)**	(8,276,877)
Loss attributable to:			
Equity holders of the Company		**(1,420,685)**	(8,276,877)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(1,420,685)**	(8,276,877)
Loss per share for loss attributable to equity holders of the Company (Singapore cents per share):			
Basic loss per share	10(a)	**(0.07)**	(0.72)
Diluted loss per share	10(b)	**(0.07)**	(0.72)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group		Company	
		2017	2016	**2017**	2016
		S$	S$	**S$**	S$
ASSETS					
Current assets					
Cash and cash equivalents	11	**646,422**	1,223,132	**632,273**	1,212,398
Trade receivables	12	**576,075**	–	**–**	–
Other receivables	13(a)	**49,401**	185,686	**49,401**	185,686
Amounts due from subsidiaries	13(b)	**–**	–	**6,514,399**	3,670,285
Financial assets, available-for-sale	14	**1**	30,327	**–**	–
Debt securities	15	**5,322,075**	3,467,535	**–**	–
Other current assets	16	**47,260**	38,823	**47,260**	36,030
		6,641,234	4,945,503	**7,243,333**	5,104,399
Non-current assets					
Investments in subsidiaries	17	**–**	–	**7**	7
Investment in a joint venture	18	**670,000**	–	**–**	–
Property, plant and equipment	19	**189,815**	239,079	**178,315**	221,579
		859,815	239,079	**178,322**	221,586
Total assets		**7,501,049**	5,184,582	**7,421,655**	5,325,985
LIABILITIES					
Current liabilities					
Other payables	20	**449,606**	441,351	**298,809**	409,705
Finance lease liabilities	21	**9,255**	41,408	**9,255**	26,825
Convertible redeemable bonds	22	**50,148**	–	**50,148**	–
		509,009	482,759	**358,212**	436,530
Non-current liabilities					
Finance lease liabilities	21	**–**	9,255	**–**	9,255
Convertible redeemable bonds	22	**–**	47,168	**–**	47,168
Deferred income tax liabilities	23	**13,912**	13,912	**2,954**	2,954
		13,912	70,335	**2,954**	59,377
Total liabilities		**522,921**	553,094	**361,166**	495,907
Net assets		**6,978,128**	4,631,488	**7,060,489**	4,830,078
EQUITY					
Share capital	24	**35,868,655**	32,074,968	**35,868,655**	32,074,968
Capital reserve	25	**161,773**	188,135	**161,773**	188,135
Currency translation reserve	26	**406**	406	**–**	–
Accumulated losses	27	**(29,052,706)**	(27,632,021)	**(28,969,939)**	(27,433,025)
Total equity attributable to owners of the Company		**6,978,128**	4,631,488	**7,060,489**	4,830,078

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2017

Group	Share capital S$	Capital reserve S$	Currency translation reserve S$	Accumulated losses S$	Total equity S$
	Note 24				
2017					
At 1 January	**32,074,968**	**188,135**	**406**	**(27,632,021)**	**4,631,488**
Transactions with owners, recognised directly in equity:					
- Issuance of new ordinary shares	**3,823,880**	**–**	**–**	**–**	**3,823,880**
- Share issue expense	**(30,193)**	**–**	**–**	**–**	**(30,193)**
- Convertible redeemable bonds- equity component	**–**	**(26,362)**	**–**	**–**	**(26,362)**
Total transactions with owners, recognised directly in equity	**3,793,687**	**(26,362)**	**–**	**–**	**3,767,325**
Loss for the year, representing total comprehensive loss for the year	**–**	**–**	**–**	**(1,420,685)**	**(1,420,685)**
At 31 December	**35,868,655**	**161,773**	**406**	**(29,052,706)**	**6,978,128**
2016					
At 1 January	22,227,388	134,131	406	(19,355,144)	3,006,781
Transactions with owners, recognised directly in equity:					
- Issuance of new ordinary shares	10,064,289	–	–	–	10,064,289
- Share issue expense	(216,709)	–	–	–	(216,709)
- Convertible redeemable bonds – equity component	–	54,004	–	–	54,004
Total transactions with owners, recognised directly in equity	9,847,580	54,004	–	–	9,901,584
Loss for the year, representing total comprehensive loss for the year	–	–	–	(8,276,877)	(8,276,877)
At 31 December	32,074,968	188,135	406	(27,632,021)	4,631,488

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Note	Group	
		2017	2016
		S$	S$
Cash flows from operating activities			
Net loss for the year		**(1,420,685)**	(8,276,877)
Adjustments for:			
Income tax credit	9	**–**	(5,535)
Depreciation	19	**52,013**	90,696
Convertible redeemable bond interest	8(b)	**800**	1,624
Hire purchase interest	8(b)	**2,607**	4,135
Interest income		**(576,853)**	(171,333)
Arranger fee		**–**	(179,336)
Impairment loss on trade receivables	8(a)	**–**	2,387,499
Impairment loss on other receivables	8(a)	**10,084**	12,253
Impairment loss on debt securities	8(a)	**–**	3,665,790
Impairment loss on financial assets, available-for-sale (Note A)	5	**10,109**	114,660
Write-back of allowance for impairment on amount due from former subsidiary	6	**–**	(35,856)
Employee share award expense	7	**–**	210,805
(Write-back)/allowance for unutilised leave		**(2,500)**	33,000
Allowance/(write-back) for bonus		**72,000**	(3,200)
Net (gain)/ loss on disposal of financial assets, available-for-sale	5	**(30,327)**	16,400
Property, plant and equipment written off		**–**	243
Operating cash flows before changes in working capital		**(1,882,752)**	(2,135,032)
Changes in working capital:			
Trade receivables, other receivables and other current assets		**117,765**	407,326
Other payables		**(48,613)**	(172,410)
Cash flows used in operating activities		**(1,813,600)**	(1,900,116)
Interest received		**778**	130,264
Net cash used in operating activities		**(1,812,822)**	(1,769,852)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2017

	Note	Group 2017 S$	Group 2016 S$
Cash flows from investing activities			
Purchase of property, plant and equipment (Note B)		**(15,182)**	(35,227)
Debt securities extended to third parties		**(421,210)**	(4,717,535)
Debt securities extended to a related party		**(1,433,330)**	–
Proceeds from disposal of financial assets, available-for-sale		**50,545**	98,401
Investment in a joint venture		**(670,000)**	–
Net cash used in investing activities		**(2,489,177)**	(4,654,361)
Cash flows from financing activities			
Hire purchase interest paid		**(2,607)**	(4,135)
Proceeds from issuance of convertible redeemable bonds (Note C)		**3,800,000**	1,900,000
Interest paid on convertible redeemable bonds		**(503)**	(10,836)
Proceeds from issuance of new ordinary shares		**–**	6,000,000
Share issue expense	24	**(30,193)**	(216,109)
Repayment of finance lease liabilities		**(41,408)**	(42,164)
Net cash provided by financing activities		**3,725,289**	7,626,756
Net (decrease)/increase in cash and cash equivalents		**(576,710)**	1,202,543
Cash and cash equivalents at 1 January		**1,223,132**	20,589
Cash and cash equivalents at 31 December		**646,422**	1,223,132
List of significant non-cash transactions:			
Conversion of convertible redeemable bonds to ordinary shares		**3,823,880**	3,853,484

Reconciliation of liabilities arising from financing activities

	1 January 2017 S$	Principal and Interest payments S$	Non-cash changes S$ Capital reserve	Non-cash changes S$ Equity conversion	Non-cash changes S$ Interest Expense	31 December 2017 S$
Convertible bonds	47,168	3,800,000	26,362	(3,823,880)	498	50,148
Finance lease liabilities	50,663	(44,015)	–	–	2,607	9,255

Note A

Available for sale financial assets
In financial year 2016, the Group received 25,509,030 new ordinary shares issued by a former sub-tenant that is publicly quoted on SGX with a fair market value of $259,788 then as settlement of rent and charges outstanding from the former sub-tenant.

Note B

Property, plant and equipment
During the year, the Group acquired property, plant and equipment with an aggregate cost of $2,749 (2016: $47,660). Cash payments totalling $15,182 of which $12,433 relates to purchases of property, plant and equipment made in 2016 were made during the financial year ended 31 December 2017.

Note C

Issuance of share capital
During the year, the convertible redeemable bonds issued by the Company were converted into 1,000,000,000 ordinary shares at a present value of $3,823,880 (face value totaling $4,000,000).

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

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

1. Corporate information

ISR Capital Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore, and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and its principal place of business is located at 83, Clemenceau Avenue, #10-03 UE Square, Singapore 239920.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries consist of investment holding, private equity investments, investment advisory and business consultancy services.

The Group refers to ISR Capital Limited and its subsidiaries, as disclosed in Note 17.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost basis, except as disclosed in the accounting policies below.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:-

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows.

2.2 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). 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.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I), and International Financial Reporting Standards issued by the International Accounting Standards Board. As a result, this will be the last set of financial statements prepared under the current FRSs.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards.

In addition to the adoption of the new framework, the following new SFRS(I)s which are relevant to the Group are effective from the following dates:

2. Significant accounting policies *(continued)*

2.2 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards *(continued)*

Effective for annual periods beginning on or after 1 January 2018

- SFRS(I) 9 Financial Instruments
- SFRS(I) 15 Revenue from Contracts with Customers
- Classification and Measurement of Share Based Payment Transactions (Amendments to SFRS(I) 2)

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 Leases
- Long-term Interests in Associates and Joint Ventures (Amendments to SFRS(I) 1- 28 Investments in Associates and Joint Ventures)

Management anticipates that the adoption of the above SFRS(I)s in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for SFRS(I) 9, SFRS(I) 15, and SFRS(I) 16. Currently management is still assessing the impact of SFRS(I) 9, SFRS(I) 15, and SFRS(I) 16 in the period of their initial adoption.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

2. Significant accounting policies *(continued)*

2.3 Group accounting *(continued)*

(a) Subsidiaries *(continued)*

(ii) Acquisitions *(continued)*

The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous-held equity interest in the acquiree over the (ii) fair value of the identifiable assets acquired is recorded as goodwill.

(iii) Disposals

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

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

(b) Joint Ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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

(i) Acquisitions

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

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

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

2. Significant accounting policies *(continued)*

2.4 Currency translation

The financial statements are presented in Singapore dollars ("SGD" or "S$") which is the Company's functional currency.

(a) Functional presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

(b) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investments in foreign operations, which are recognised initially in other comprehensive income and accumulated under currency translation reserve in equity. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(c) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

	Useful lives
Leasehold improvements	3 years
Furniture and fittings	5 years
Office equipment	5 years
Computers	3 years
Motor vehicles	10 years

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

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

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

2. Significant accounting policies *(continued)*

2.6 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

2.7 Investments in subsidiaries and joint venture

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

(b) Subsequent measurement and classification

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are presented as current assets except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process.

"Cash and cash equivalents", "trade receivables", "other receivables", "amounts due from subsidiaries" and "debt securities" are classified and accounted for as loans and receivables.

2. Significant accounting policies *(continued)*

2.8 Financial assets *(continued)*

(b) Subsequent measurement and classification *(continued)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held-for-trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity and in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains or losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(c) Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the financial period generally established by regulation or convention in the marketplace concerned.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired and recognises an allowance for impairment when such evidence exists.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. Significant accounting policies *(continued)*

2.10 Impairment of financial assets (continued)

(a) Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amounts of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying values of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amounts of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the assets does not exceed its amortised cost at the reversal date. The amounts of reversal are recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale financial assets, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates and indicates that the cost of the investments in equity instruments may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investments below its costs. "Significant" is to be evaluated against the original cost of the investments and "prolonged" against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; any increase in their fair values after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and deposits with financial institutions which are subject to an insignificant risk of changes in value.

2. Significant accounting policies *(continued)*

2.12 Provisions

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

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

2.13 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities include “other payables”, “finance lease liabilities” and “convertible redeemable bonds”.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. They are classified as current liabilities if payment is due within one year or less. Otherwise they are presented as non-current liabilities.

(b) Subsequent measurement and classification

The measurement of financial liabilities depends on their classification as follows:

(i) Other financial liabilities

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

(c) De-recognition

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

2.14 Convertible redeemable bonds

The total proceeds from convertible redeemable bonds issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

2. Significant accounting policies *(continued)*

2.15 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to CPF are recognised as an expense in the period in which it is incurred.

(b) Employee leave entitlement

Employee entitlement to annual leave is recognised as a liability when they accrue to the employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

2.16 Leases

The Group leases a motor vehicle under finance leases and office space under operating leases.

(a) Lessee - Finance leases

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

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

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

(b) Lessee - Operating leases

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

2.17 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Interest income

Interest income is recognised using the effective interest method.

(b) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

2. Significant accounting policies *(continued)*

2.18 Finance costs

Finance cost comprise interest expense on borrowings that are recognised in profit or loss.

2.19 Taxes

(a) Current income tax

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

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

(b) Deferred income tax

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

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

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

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

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

Deferred income tax assets and liabilities relating to items recognised outside profit or loss is recognised outside profit or loss.

2. Significant accounting policies *(continued)*

2.19 Taxes *(continued)*

(b) Deferred income tax *(continued)*

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2.20 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

2.21 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of the reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

3. Critical accounting estimates, assumptions and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. For the financial year ended 31 December 2017, an impairment loss of Nil (2016: S$2,387,499) was recognised for trade receivables whereas impairment losses of $10,084 (2016: S$12,253) and S$143,482 (2016: S$4,162,958) were recognised for other receivables and amounts due from subsidiaries respectively. The allowance for impairment of trade receivables, other receivables and amount due from subsidiaries as at 31 December 2017 were $2,668,095 (2016: S$2,668,095), $22,337 (2016: S$12,253) and S$ 31,475,339 (2016: S$31,331,857). The carrying amounts of the Group's and Company's loans and receivables at the end of the reporting period are disclosed in Notes 12 and 13 to the financial statements.

3. Critical accounting estimates, assumptions and judgements *(continued)*

(b) Impairment of debt securities

At the end of each reporting period, the Group reviews the debt securities to determine whether there is any indication of impairment loss. During the year, the Group recognised an impairment loss of Nil (2016: $3,665,790) after taking into considerations the probability of default or significant delay in repayments by the debtor. The consideration of the probability of default requires management to exercise judgment about the financial position of the debtor and the probability of recovery of the debt securities with respect to the history of repayments.

(c) Impairment of financial assets, available-for-sale

The Group reviews its financial assets classified as available-for-sale at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on financial assets, available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. For the financial year ended 31 December 2017, an impairment loss of S$10,109 (2016: S$114,660) was recognised for available-for-sale financial assets. The carrying amount of financial assets, available-for-sale as at 31 December 2017 is disclosed in Note 14.

4. Revenue

	Group	
	2017	2016
	S$	S$
Arranger fee	**–**	179,336
Interest income on debt securities	**576,075**	170,325
	576,075	349,661

5. Other gains/(losses), net

	Group	
	2017	2016
	S$	S$
Gain/(loss) on disposal of financial assets, available-for-sale	**30,327**	(16,400)
Impairment loss on financial assets, available-for-sale (Note 14)	**(10,109)**	(114,660)
	20,218	(131,060)

6. Other income

	Group	
	2017	2016
	S$	S$
Interest income on bank deposits and trading account	**778**	1,008
Rental income	**–**	235,002
Write-back of allowance for impairment on amount due from former subsidiary	**–**	35,856
Productivity and Innovation Credit cash payout	**10,792**	4,823
Sundry income	**4,573**	14,044
	16,143	290,733

7. Employee benefits expense

	Group	
	2017	2016
	S$	S$
Wages, salaries, bonuses and other short-term employee benefits	**787,928**	1,147,773
Equity-settled share-based payments	**–**	210,805
Employer's contributions to Central Provident Fund	**42,850**	63,253
	830,778	1,421,831

8. Other operating expenses and finance costs

(a) Other operating expenses

	Group	
	2017	2016
	S$	S$
Directors' fee	**149,322**	91,500
Insurance expense	**38,621**	21,528
Impairment loss on trade receivables (Note 12)	**–**	2,387,499
Impairment loss on other receivables (Note 13)	**10,084**	12,253
Impairment loss on debt securities (Note 15)	**–**	3,665,790
Professional fees	**519,622**	352,559
Rental expense	**93,459**	400,927
Travel and entertainment expenses	**169,136**	130,248
Listing related expenses	**65,373**	91,454
Office utilities and expenses	**25,260**	52,966
Repair and maintenance	**18,678**	20,800
Others	**57,368**	45,936
	1,146,923	7,273,460

Included in professional fees are audit and non-audit fees incurred by the Group as follows:

	Group	
	2017	2016
	S$	S$
The following items have been included in arriving at loss before tax:		
Audit fees:		
- Auditors of the Group	**55,000**	56,500
Non-audit fees:		
- Auditors of the Group	**7,500**	7,500
- Other auditors	**6,000**	11,000
Total audit and non-audit fees	**68,500**	75,000

8. Other operating expenses and finance costs *(continued)*

(b) Finance costs

	Group	
	2017	2016
	S$	S$
Hire purchase interest	**2,607**	4,135
Convertible redeemable bond interest	**800**	1,624
	3,407	5,759

9. Income taxes

Income tax credit

	Group	
	2017	2016
	S$	S$
Income tax credit attributable to loss is made up of:		
- Loss for the financial year:		
From continuing operations		
- Deferred income tax (Note 23)	**–**	4,167
- Over provision in respect of prior years:		
From continuing operations		
- Deferred income tax (Note 23)	**–**	1,368
	–	5,535

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

	Group	
	2017	2016
	S$	S$
Loss before tax	**(1,420,685)**	(8,282,412)
Tax at statutory tax rate of 17% (2016: 17%)	**(241,516)**	(1,408,010)
Effects of:		
Non-deductible expenses	**61,413**	1,138,199
Income not subject to taxation	**(1,835)**	(69,700)
Deferred income tax asset not recognised	**214,410**	334,163
Utilisation of previously unrecognised tax losses	**(30,688)**	–
Overprovision of deferred tax in respect of prior years	**–**	(1,368)
Others	**(1,784)**	1,181
Income tax expense/(credit) recognised in profit or loss	**–**	(5,535)

10. Loss per share

(a) Basic loss per share

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

Basic loss per share attributable to equity holders of the Company is calculated as follows:

	Total	
	2017	**2016**
Net loss attributable to owners of the Company (S$)	**(1,420,685)**	(8,276,877)
Weighted average number of ordinary shares outstanding for basic loss per share	**2,132,243,190**	1,148,340,474
Basic loss per share (Singapore cents per share)	**(0.07)**	(0.72)

(b) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are the convertible redeemable bonds.

The convertible redeemable bonds are assumed to have been converted into ordinary shares at issuance and the net loss is adjusted to eliminate the interest expense less the tax effect.

Diluted loss per share attributable to equity holders of the Company is calculated as follows:

	Total	
	2017	**2016**
Net loss attributable to equity holders of the Company used to determine diluted loss per share (S$)	**1,420,685**	8,276,877
Weighted average number of ordinary shares outstanding	**2,132,243,190**	1,148,340,474
Diluted loss per share (Singapore cents per share)	**(0.07)**	(0.72)

The basic and diluted loss per share for the financial year ended 31 December 2017 and 2016 were the same as the effects of outstanding convertible bonds were anti-dilutive.

11. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Cash at bank	**646,422**	1,223,132	**632,273**	1,212,398

Cash and cash equivalents denominated in foreign currencies as at 31 December were as follows:

	Group	
	2017	2016
	S$	S$
Chinese Renminbi	**11**	11

12. Trade receivables

	Group	
	2017	2016
	S$	S$
Trade receivables - gross	**3,244,170**	2,668,095
Less: Allowance for impairment of trade receivables	**(2,668,095)**	(2,668,095)
Trade receivables – net	**576,075**	–

Trade receivables are recognised at their original invoiced amounts which represent their fair value on initial recognition. The carrying value approximates its fair value.

Trade receivables are related to accrued interest for debt securities issued to Tantalum Holding (Mauritius) Ltd and Tantalus Rare Earths AG.

The Group has trade receivables amounting to S$576,075 (2016: Nil) that are not past due and are not impaired.

Movements in the allowance for impairment of trade receivables are as follows:

	Group	
	2017	2016
	S$	S$
At 1 January	**2,668,095**	280,596
Charge for the year [Note 8(a)]	**–**	2,387,499
At 31 December	**2,668,095**	2,668,095

Trade receivables that are individually determined to be impaired at the end of the financial year ended 31 December 2016 relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. Other receivables and amounts due from subsidiaries

(a) Other receivables

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Amounts due from a third party	**–**	24,000	**–**	24,000
Less: Allowance for impairment	**–**	–	**–**	–
	–	24,000	**–**	24,000
Amounts due from related parties (non-trade)*	**22,337**	12,253	**–**	–
Less: Allowance for impairment	**(22,337)**	(12,253)	**–**	–
	–	–	**–**	–
Refundable deposits	**43,998**	143,235	**43,998**	143,235
Interest receivable	**–**	744	**–**	744
Goods and Services Tax receivables	**5,403**	14,216	**5,403**	14,216
Sundry receivables	**–**	3,491	**–**	3,491
	49,401	185,686	**49,401**	185,686

* The amounts due from related parties (non-trade) were unsecured and interest-free. The related parties refer to entities under the common control of an Executive Director.

13. Other receivables and amounts due from subsidiaries *(continued)*

(a) Other receivables *(continued)*

Movements in the allowance for impairment of other receivables are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Movements in allowance accounts:				
At 1 January	**12,253**	96,472	**–**	96,472
Write-off during the financial year	**–**	(80,472)	**–**	(80,472)
Write-back during the financial year	**–**	(16,000)	**–**	(16,000)
Charge for the year (Note 8(a))	**10,084**	12,253	**–**	–
At 31 December	**22,337**	12,253	**–**	–

(b) Amounts due from subsidiaries

	Company	
	2017	2016
	S$	S$
Amounts due from subsidiaries (non-trade)	**37,989,738**	35,002,142
Less: Allowance for impairment	**(31,475,339)**	(31,331,857)
	6,514,399	3,670,285

The amounts due from subsidiaries (non-trade) are unsecured, interest-free and repayable on demand.

The movements in the allowance for impairment of amounts due from subsidiaries are as follows:

	Company	
	2017	2016
	S$	S$
Movement in allowance accounts:		
At 1 January	**31,331,857**	27,578,899
Write-back during the financial year	**–**	(410,000)
Charge for the year	**143,482**	4,162,958
At 31 December	**31,475,339**	31,331,857

The impairment loss on amounts due from subsidiaries was provided due to loss-making subsidiaries.

14. Financial assets, available-for-sale

Available-for-sale financial assets are analysed as follows:

	Group	
	2017	2016
	S$	S$
Financial assets, available-for-sale:		
- Equity securities (quoted)	**68,008**	167,074
- Equity securities (unquoted)	**7,650,000**	7,650,000
- Debt securities (unquoted)	**129,920**	129,920
	7,847,928	7,946,994
Less: Allowance for impairment	**(7,847,927)**	(7,916,667)
Total financial assets, available-for-sale, classified as current	**1**	30,327

The movements in the allowance for impairment of financial assets, available-for-sale are as follows:

	Group	
	2017	2016
	S$	S$
Movement in allowance accounts:		
At 1 January	**7,916,667**	7,847,926
Charge for the year (Note 5)	**10,109**	114,660
Disposal during the year	**(78,849)**	(45,919)
	7,847,927	7,916,667

During the financial year, the Group recognised an impairment loss of S$10,109 (2016: S$114,660) against quoted equity securities as their fair values have declined significantly below cost over a prolonged period of time. The Group defines prolonged period of time as a time period that spans across two consecutive quarters.

15. Debt securities

	Group	
	2017	2016
	S$	S$
Debt securities (gross)	**8,987,865**	7,133,325
Less: Allowance for impairment	**(3,665,790)**	(3,665,790)
	5,322,075	3,467,535

The movements in the allowance for impairment of debt securities are as follows:

	Group	
	2017	2016
	S$	S$
Movement in allowance accounts:		
At 1 January	**3,665,790**	–
Charge for the year [Note 8(a)]	**–**	3,665,790
At the end of year	**3,665,790**	3,665,790

15. Debt securities *(continued)*

Debt facility 1

This debt facility of S$3,665,790 was fully impaired in FY 2016 as the borrower had defaulted on interest payment. As announced by the Company on 8 June 2017, the Group has filed a legal suit in the Singapore High Court against the borrower and its guarantor.

Debt facility 2

As announced by the Company on 10 June 2016 and 1 July 2016, the Group intends to acquire 60% shareholding in Tantalum Holding (Mauritius) Ltd ("THM") from REO Magnetic Pte. Ltd. (the "Proposed Acquisition"). THM owns 100% of Tantalum Rare Earth Malagasy s.a.r.l.u., which has a permit (that is pending renewal by the Madagascar government) to explore and develop a concession hosting critical rare earth oxides in the Ampasindava Peninsula in the Republic of Madagascar (the "Project"). ISR Global Pte. Ltd., a wholly-owned subsidiary of the Company, had entered into a facility agreement with THM in September 2016 under which it would grant a short term secured bridging loan facility of up to S$6,000,000 to THM. For the loan to THM, REO Magnetic Pte. Ltd. provided a share pledge over all of its 60% shareholding interest in THM in favour of ISR Global Pte. Ltd. THM will use the loan for its working capital, for the purpose of developing and advancing the critical rare earth oxides Project in Madagascar. A principal amount totalling S$4,900,865 (which is equivalent to US$3,537,000) has since been extended to THM as at 31 December 2017. The maturity date of the debt facility agreement falls on 12 months from the date after the first drawdown date (which was 29 September 2016). During the year, the maturity date was extended to 31 March 2018 and was further extended to 30 June 2018 subsequent to the reporting period. The rate of interest payable on the debt facility shall be 12% per annum, calculated on the basis of the number of actual days elapsed based on a 360-day year. The undrawn balance as at 31 December 2017 was S$1,099,135.

Debt facility 3

During the year, ISR Global Pte. Ltd. entered into a secured facility agreement with Tantalus Rare Earths AG ("TRE AG") in August 2017 under which it would grant a secured term loan facility of up to the Singapore dollar equivalent of Euro ("€") 320,000. TRE AG, which owns 40% shareholding interest in THM, provided a share pledge over its shareholding interest of 8% in THM in favour of ISR Global Pte. Ltd. TRE AG would use the loan for its general corporate and working capital purposes. A principal amount totalling S$421,210 (which is equivalent to €260,000) was extended to TRE AG in 2017. The debt facility agreement would terminate on 31 December 2018 (the "Termination Date") and the borrower shall repay the loans it received and the accrued interest in full on the Termination Date or on the date on which the loan is prepaid in full, if earlier. The rate of interest payable on the debt facility shall be 10% per annum, calculated on the basis of the number of actual days elapsed based on a 365-day year. The undrawn balance as at 31 December 2017 was Singapore dollar equivalent of €60,000, which was drawn down by TRE AG subsequent to the reporting period.

16. Other current assets

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Prepayments	**47,260**	38,823	**47,260**	36,030

17. Investments in subsidiaries

	Company	
	2017	2016
	S$	S$
Equity investments - gross	**349,167**	349,167
Less: Allowance for impairment of investments in subsidiaries	**(349,160)**	(349,160)
Equity investments - net	**7**	7

17. Investments in subsidiaries *(continued)*

The allowance for impairment of investments in subsidiaries are as follows:

	Company	
	2017	2016
	S$	S$
At 1 January and 31 December	**349,160**	349,160

During the year, management carried out an impairment review of the Company's investments in subsidiaries based on their value-in-use. There was no change in the impairment previously recognised. No discount rate was used as there were no positive cash flows expected.

Name	Country of incorporation	Principal activities	Proportion of ownership interest 2017 %	2016 %
Held by the Company				%
Dynamic Return (Singapore) Pte Ltd *	Singapore	Investment holding and provision of consultancy services	**100**	100
Infiniti Advantage Pte Ltd *	Singapore	Investment holding	**100**	100
ISR China Limited #	British Virgin Islands	Investment holding	**100**	100
ISR Global Pte Ltd *	Singapore	Investment holding	**100**	100
Raintree Strategic Consultancy Limited #	British Virgin Islands	Provision of consultancy services	**100**	100
Held through ISR China Limited:				
ISR Shanghai Investment Advisory Co. Ltd	People's Republic of China	Provision of consultancy services	**100**	100

* Audited by RT LLP, Singapore.

Not required to be audited under the laws of the country of incorporation.

18. Investment in a joint venture

	Group	
	2017	2016
	S$	S$
Equity investment at cost	**670,000**	–

Name of entity	Country of incorporation/ Principal place of business	Proportion of ownership interest 2017 %	2016 %
Straits Hi-Rel Pte Ltd	Singapore	**6.25**	–

Straits Hi-Rel Pte Ltd ("SHR") is set up to provide high reliability ("Hi-Rel") engineering services and is in the process of setting up a Hi-Rel Technology Centre in Singapore, where the focus will be on speciality testing and back-end manufacturing for Hi-Rel integrated chips and electronic modules targeted for end applications in the automotive, energy (oil and gas) and industrial sectors. SHR has commenced operations in 2018.

18. Investment in a joint venture *(continued)*

Infiniti Advantage Pte. Ltd. ("Infiniti"), a wholly-owned subsidiary of the Company, had on 17 September 2017, entered into an Investment and Shareholders Agreement (the "Agreement") with the Original Shareholders of Straits Hi-Rel Pte Ltd ("SHR") and SHR in relation to an investment by Infiniti of up to S$2.68 million in SHR in five (5) stages by subscribing for 16,667 shares in SHR (the "Subscription Shares"), representing an equity stake of 25% in SHR on an enlarged basis (the "Investment").

Stage 1 and Stage 2 of the Investment have been completed during the financial year ended 31 December 2017 while Stage 3A was completed in January 2018. The remaining two stages of the Group's investment in SHR are expected to be completed in 2018 and upon completion, the Group will own 25% of SHR.

Pursuant to the Agreement:

(i) The shareholders of SHR shall procure that no action is taken or resolution passed by SHR or any of its group company, and SHR shall not take and shall procure that no SHR group company takes any action, in respect of any shareholder reserved matter without the approval of Infiniti.

(ii) Any meeting of the shareholders to approve a shareholder reserved matter shall be governed by the Constitution of SHR and applicable laws.

Based on the above, shareholder reserved matters shall be approved in accordance with the articles and applicable laws. In addition, the shareholder reserved matters must be approved by Infiniti as well, which means that without Infiniti's approval, the shareholder reserved matters cannot be passed. However, Infiniti, with an eventual shareholding of 25% will also not be able to push through any resolution unilaterally without the approval of the other shareholders of SHR, which may result in a stalemate.

Further to the Agreement, the approval by directors of SHR are not required for board reserved matters if shareholders' approval has already been obtained.

Accordingly, the Group's investment in SHR has been accounted for as an investment in a joint venture as Infiniti has joint control with the Original Shareholders of SHR over SHR's relevant activities.

Summarised financial information for joint venture

Set out below is the summarised unaudited financial information for Straits Hi-Rel Pte Ltd for the period from 9 June 2017 (date of incorporation) to 31 December 2017.

Summarised unaudited balance sheet of SHR as at 31 December 2017:

	2017 S$
Current assets	573,032
Includes:	
- Cash and cash equivalents	513,947
Non-current assets	111,372
Net assets	684,404

18. Investment in a joint venture *(continued)*

Summarised unaudited statement of profit or loss and other comprehensive income of SHR for the period from 9 June 2017 (date of incorporation) to 31 December 2017

	09.06.2017 (date of incorporation) to 31.12.2017 S$
Revenue	**85,002**
Expenses	
Includes:	
- Depreciation	**(5,000)**
Loss before tax	**(35,596)**
Income tax expense	**–**
Net loss for the period	**(35,596)**
Other comprehensive income	**–**
Total comprehensive loss for the period	**(35,596)**

The information above reflects the amounts presented in the unaudited financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

There was no material impact on the Group's results for the financial year ended 31 December 2017 in respect of the Group's share of the joint venture's results for the period ended 31 December 2017.

19. Property, plant and equipment

	Leasehold improvements S$	Furniture and fittings S$	Office equipment S$	Computers S$	Motor vehicle S$	Total S$
Group						
Cost						
At 1 January 2016	162,379	16,421	70,613	146,909	250,000	646,322
Additions	40,743	–	–	6,917	–	47,660
Write-offs	(162,379)	(4,873)	(3,150)	–	–	(170,402)
At 31 December 2016 and 1 January 2017	40,743	11,548	67,463	153,826	250,000	523,580
Additions	–	–	–	2,749	–	2,749
At 31 December 2017	40,743	11,548	67,463	156,575	250,000	526,329
Accumulated depreciation						
At 1 January 2016	106,334	14,699	45,543	141,378	56,010	363,964
Depreciation charge for the year	56,045	1,722	6,863	4,729	21,337	90,696
Write-offs	(162,379)	(4,873)	(2,907)	–	–	(170,159)
At 31 December 2016 and 1 January 2017	–	11,548	49,499	146,107	77,347	284,501
Depreciation charge for the year	20,371	–	6,280	4,025	21,337	52,013
At 31 December 2017	20,371	11,548	55,779	150,132	98,684	336,514
Carrying amount						
At 31 December 2017	20,372	–	11,684	6,443	151,316	189,815
At 31 December 2016	40,743	–	17,964	7,719	172,653	239,079

19. Property, plant and equipment *(continued)*

	Leasehold improvements S$	Furniture and fittings S$	Office equipment S$	Computers S$	Motor vehicle S$	Total S$
Company						
Cost						
At 1 January 2016	162,378	16,421	40,614	146,909	250,000	616,322
Additions	40,743	–	–	6,917	–	47,660
Write-offs	(162,378)	(4,873)	(3,150)	–	–	(170,401)
At 31 December 2016 and 1 January 2017	40,743	11,548	37,464	153,826	250,000	493,581
Additions	–	–	–	2,749	–	2,749
At 31 December 2017	40,743	11,548	37,464	156,575	250,000	496,330
Accumulated depreciation						
At 1 January 2016	106,333	14,699	39,044	141,378	56,010	357,464
Depreciation charge for the year	56,045	1,722	863	4,729	21,337	84,696
Write-offs	(162,378)	(4,873)	(2,907)	–	–	(170,158)
At 31 December 2016 and 1 January 2017	–	11,548	37,000	146,107	77,347	272,002
Depreciation charge for the year	20,371	–	280	4,025	21,337	46,013
At 31 December 2017	20,371	11,548	37,280	150,132	98,684	318,015
Carrying amount						
At 31 December 2017	20,372	–	184	6,443	151,316	178,315
At 31 December 2016	40,743	–	464	7,719	172,653	221,579

As at 31 December 2017, property, plant and equipment with carrying amount of $151,316 (2016: $190,153) is pledged as security for the related finance lease.

20. Other payables

	Group		Company	
	2017 S$	2016 S$	**2017 S$**	2016 S$
Accrued operating expenses	**302,480**	309,526	**151,683**	285,878
Bond interest payable	**303**	503	**303**	503
Other payables	**146,823**	131,322	**146,823**	123,324
	449,606	441,351	**298,809**	409,705

21. Finance lease liabilities

During the financial year ended 31 December 2017, the Group leased a motor vehicle and photocopiers from third parties under finance leases. The lease agreements provide the Group with an option to purchase the leased assets at a nominal value at the end of the lease terms. The finance lease liabilities were secured against the leased assets.

	Group		Company	
	2017 S$	2016 S$	**2017 S$**	2016 S$
Minimum lease payments due				
- Not later than one year	**9,344**	44,015	**9,344**	28,032
- Later than one year but not later than five years	**–**	9,344	**–**	9,344
	9,344	53,359	**9,344**	37,376
Less: Future finance charges	**(89)**	(2,696)	**(89)**	(1,296)
Present value of finance lease liabilities	**9,255**	50,663	**9,255**	36,080

21. Finance lease liabilities *(continued)*

The present value of the finance lease liabilities is analysed as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
- Not later than one year	**9,255**	41,408	**9,255**	26,825
- Later than one year but not later than five years	**–**	9,255	**–**	9,255
	9,255	50,663	**9,255**	36,080

22. Convertible redeemable bonds

The proposed issuance of 2% convertible redeemable bonds due 2018 (the "Bonds") with an aggregate principal amount of up to S$35,000,000 comprising seven tranches of bonds of S$5,000,000 each was approved by shareholders at an Extraordinary General Meeting held on 8 September 2015. Each tranche comprises five equal sub-tranches of S$1,000,000 each. Tranche 1 Bonds aggregating S$5,000,000 were issued and subscribed in 2015 and 2016. Four sub-tranches of Tranche 2 Bonds aggregating S$4,000,000 were issued and subscribed in 2017. As at 31 December 2017, Bonds with a face value of S$8,950,000 have been converted into 2,237,500,000 ordinary shares (at a conversion price of S$0.004 per share). The present value of the remaining outstanding Bonds amounted to S$50,148, which was arrived at using 5.5% per annum, an average rate compiled from interest rate quotations of 10 leading banks and financial institutions. The Bonds outstanding as at 31 December 2017 were subjected to an interest rate of 2% per annum, payable in arrears on 31 December in 2017. Please refer to Note 20 for the amount of bond interest payable as at 31 December 2017.

23. Deferred income tax liabilities

Deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Deferred income tax liabilities				
- To be settled	**13,912**	13,912	**2,954**	2,954

Movements in deferred income tax liabilities account are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
At 1 January	**13,912**	19,447	**2,954**	8,305
Tax credited to profit or loss (Note 9)	**–**	(4,167)	**–**	(3,983)
Overprovision in respect of prior years (Note 9)	**–**	(1,368)	**–**	(1,368)
	13,912	13,912	**2,954**	2,954

23. Deferred income tax liabilities *(continued)*

The movements in deferred income tax liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

Group	Accelerated tax depreciation S$	Others S$	Total S$
Deferred income tax liabilities			
At 1 January 2016	8,305	11,142	19,447
Tax credited to:			
- Profit or loss	(4,167)	–	(4,167)
- Overprovision in respect of prior years	(1,368)	–	(1,368)
At 31 December 2016 and 1 January 2017 and at 31 December 2017	2,770	11,142	13,912

	Accelerated tax depreciation	
Company	**2017 S$**	**2016 S$**
Deferred income tax liabilities		
At 1 January	**2,954**	8,305
Tax credited to profit or loss	**–**	(3,983)
Overprovision in respect of prior years	**–**	(1,368)
At 31 December	**2,954**	2,954

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately S$5,185,000 (2016: S$3,934,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred income tax asset was recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

24. Share capital

	Issued share capital	
	No. of ordinary shares	**Amount S$**
Group and Company		
2017		
Beginning of financial year	1,564,249,336	32,074,968
Shares issued	1,000,000,000	3,793,687
End of financial year	2,564,249,336	35,868,655
2016		
Beginning of financial year	401,500,100	22,227,388
Shares issued	1,162,749,236	9,847,580
End of financial year	1,564,249,336	32,074,968

24. Share capital *(continued)*

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

Share capital increased in 2017 as the holder of the convertible redeemable bonds due 2018 (the "Bonds") issued by the Company has converted the Bonds with a present value of S$3,823,880 (face value totaling S$4,000,000) into 1,000,000,000 ordinary shares of the Company. Share issue expense of S$30,193 that was attributable to the issuance of new ordinary shares was deducted against share capital. The newly issued shares ranked pari passu in all respects with the previously issued shares.

For the financial year ended 31 December 2016, the share capital increased due to the following activities that occurred during that financial year:

a) the holder of the Bonds issued by the Company had converted the Bonds with a present value of S$3,853,484 (face value totaling S$4,200,000) into 1,050,000,000 ordinary shares of the Company. The newly issued shares ranked pari passu in all respects with the previously issued shares;

b) a total of 42,161,000 new ordinary shares amounting to S$210,805 was granted under the ISR Performance Share Plan;

c) placement of 70,588,236 new ordinary shares amounting to S$5,783,291 (net of share issue expense of S$216,709).

25. Capital reserve

Capital reserve represents the equity component of the convertible redeemable bonds due 2018 issued by the Company where the Bonds carry an equity element as the Bond subscriber has an option to convert the Bonds into ordinary shares of the Company.

26. Currency translation reserve

Currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

27. Accumulated losses of the Company

	The Company	
	2017	2016
	S$	S$
- Balance at beginning of the year	**(27,433,025)**	(21,799,478)
- Loss for the year, representing total comprehensive loss for the financial year	**(1,536,914)**	(5,633,547)
- Balance at end of the year	**(28,969,939)**	(27,433,025)

28. Commitments

Operating lease commitment - lessee

At the end of the reporting period, the Group leases office from a third party landlord under a non-cancellable operating lease agreement. The lease has varying terms and renewal rights.

The future minimum lease payable under non-cancellable operating lease at the end of the reporting period are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Not later than one year	**86,772**	86,772	**86,772**	86,772
Later than one year but not later than five years	**–**	86,772	**–**	86,772
	86,772	173,544	**86,772**	173,544

Commitments arising from debt facility agreements

As disclosed in Note 15 to the financial statements, a principal amount totalling S$4,900,865 (which is equivalent to US$3,537,000) has been extended to Tantalum Holding (Mauritius) Ltd. The maturity date of the debt facility agreement with THM falls on 12 months from the date after the first drawdown date (which was 29 September 2016). During the year, the maturity date was extended to 31 March 2018 and was further extended to 30 June 2018 subsequent to the reporting period. The rate of interest payable on the debt facility shall be 12% per annum, calculated on the basis of the number of actual days elapsed based on a 360-day year. The undrawn balance as at 31 December 2017 was S$1,099,135.

Similarly as disclosed in Note 15 to the financial statements, a principal amount totalling S$421,210 (which is equivalent to €260,000) was extended to TRE AG in 2017. The debt facility agreement with TRE AG would terminate on 31 December 2018 (the "Termination Date") and the borrower shall repay the loans it received and the accrued interest in full on the Termination Date or on the date on which the loan is prepaid in full, if earlier. The rate of interest payable on the debt facility shall be 10% per annum, calculated on the basis of the number of actual days elapsed based on a 365-day year. The undrawn balance as at 31 December 2017 was the Singapore dollar equivalent of €60,000, which was drawn down by TRE AG subsequent to the reporting period.

29. Related party transactions

Key management personnel compensation

	Group	
	2017	2016
	S$	S$
Key management personnel compensation is as follows:		
Salaries, fees, bonuses and other short-term employee benefits	**715,874**	1,109,002
Equity-settled share-based payments	**–**	201,425
Employer's contributions to Central Provident Fund	**33,766**	46,378
	749,640	1,356,805

29. Related party transactions *(continued)*

Other related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following non-trade transactions with related parties:

	Group	
	2017	2016
	S$	S$
Professional fees paid to an entity owned by a director for consultancy services	**10,000**	–
Payment of expenses on behalf of related parties*	**10,084**	12,253

* The non-trade amounts outstanding are unsecured, interest-free and repayable on demand. No guarantees have been given or received. The amounts owed by related parties of S$22,337 (2016: $12,253) have been fully impaired during the financial year.

30. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Group	Quoted prices in active markets for identical instruments (Level 1) S$	Significant other observable inputs (Level 2) S$	Significant unobservable inputs (Level 3) S$	Total S$
2017				
Financial assets				
Available-for-sale financial assets:				
- Debt securities (unquoted)	–	–	1	1
2016				
Financial assets				
Available-for-sale financial assets:				
- Equity securities (quoted)	30,326	–	–	30,326
- Debt securities (unquoted)	–	–	1	1

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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 assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

30. Fair value of financial instruments *(continued)*

(a) Fair value of financial instruments that are carried at fair value *(continued)*

Determination of fair value

Fair value of quoted equity securities are determined directly by reference to their published market bid price at the end of the reporting period.

The fair values of the financial assets are determined as follows:

Financial assets, available-for-sale:

- Quoted equity securities amounted to Nil (2016: S$30,326) as at 31 December 2017.
- Unquoted debt securities amounted to S$1 (2016: S$1).

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (Level 3):

Group	**Debt securities (unquoted)**	**Total**
	S$	**S$**
2017		
At 1 January 2017 and 31 December 2017	1	1
Total losses for the year included in profit or loss for assets held at 31 December 2017	–	–
2016		
At 1 January 2016 and 31 December 2016	1	1
Total losses for the year included in profit or loss for assets held at 31 December 2016	–	–

There has been no transfer from Levels 1 and 2 to Level 3 during the financial years ended 31 December 2017 and 2016.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount is a reasonable approximation of fair value

Such financial instruments include cash and cash equivalents, trade receivables, other receivables, amounts due from subsidiaries, other payables and finance lease liabilities.

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature.

30. Fair value of financial instruments *(continued)*

(c) Financial instruments by category

Set out below is a comparison by category of the carrying amounts of the Group's financial instruments that are carried in the financial statements:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Financial assets				
Loans and receivables:				
- cash and cash equivalents	**646,422**	1,223,132	**632,273**	1,212,398
- trade receivables	**576,075**	–	**–**	–
- other receivables	**43,998**	171,470	**43,998**	171,470
- amounts due from subsidiaries	**–**	–	**6,514,399**	3,670,285
- debt securities	**5,322,075**	3,467,535	**–**	–
Available-for-sale financial asset:				
- financial assets, available-for-sale	**1**	30,327	**–**	–
Total financial assets	**6,588,571**	4,892,464	**7,190,670**	5,054,153

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Financial liabilities				
Amortised cost:				
- other payables	**449,606**	441,351	**298,809**	409,705
- finance lease liabilities	**9,255**	50,663	**9,255**	36,080
- convertible redeemable bonds	**50,148**	47,168	**50,148**	47,168
Total financial liabilities	**509,009**	539,182	**358,212**	492,953

31. Financial risk management objectives and policies

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

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2017 and 31 December 2016.

Risk management is carried out in accordance with approved policies. In relation to investment risk, mandates that are above or beyond the management's limits of authority would be deliberated, resolved and approved by the Audit Committee and/or the Board.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group adopts the policy of dealing only with customers and counterparties who have good credit standing to mitigate credit risk, and/or those who have provided sufficient security.

31. Financial risk management objectives and policies *(continued)*

(a) Credit risk *(continued)*

For consultancy services and private equity activities, service fees are collected in accordance with the stipulated payment terms.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by business units on an on-going basis. The credit risk concentration profiles of the Group's loans and receivables that are neither past due nor impaired at the end of the reporting period are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
By business unit				
Investment management	**5,898,150**	100.0	**3,467,535**	100.0

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits placed with banks that management considers as reputable banks.

Other receivables that are neither past due nor impaired are mainly refundable deposits placed as required.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired are disclosed in Notes 12 and 13 respectively.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

For the financial years ended 31 December 2017 and 2016, all financial assets are expected to be realised within one financial year.

31. Financial risk management objectives and policies *(continued)*

(b) Liquidity risk *(continued)*

The table below analyses the maturity profile of the financial liabilities of the Group and the Company based on contractual undiscounted cash flows:

	Effective interest rate	Undiscounted cash flows Less than 1 year S$	Undiscounted cash flows More than 1 year S$
Group			
2017			
Other payables	–	427,106	–
Convertible redeemable bonds	5.50%	50,000	–
Finance lease liabilities	5% – 6%	9,344	–
2016			
Other payables	–	374,351	–
Convertible redeemable bonds	5.50%	–	50,000
Finance lease liabilities	5% – 6%	44,015	9,344
Company			
2017			
Other payables	–	276,309	–
Convertible redeemable bonds	5.50%	50,000	–
Finance lease liabilities	5%	9,344	–
2016			
Other payables	–	350,703	–
Convertible redeemable bonds	5.50%	–	50,000
Finance lease liabilities	5%	28,032	9,344

(c) Foreign currency risk

The Group operates primarily in Singapore. The Group does not generally take on significant exposures to foreign currency risk arising from its operations. The Group does not consider its currency exposure to the net assets of the Group's foreign operations as material.

The Group had no material foreign currency exposure as at 31 December 2017 and 2016.

The Group's exposure to foreign currency translation risk on its net investments in foreign subsidiaries is not significant when consolidated.

(d) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company do not take on significant variable-rate interest-bearing financial assets and financial liabilities. The Group and the Company have no exposure to interest rate risks as the debt securities and convertible redeemable bonds are issued at fixed rates. The Group's and the Company's income and equity are not likely to be materially affected by changes in market interest rates had these occurred at the end of the reporting period and had these been applied to the risk exposures as at those at the end of the reporting period.

31. Financial risk management objectives and policies *(continued)*

(e) Price risk

The Group is not exposed to any significant equity securities price risk arising from the investments held by the Group which are classified as available-for-sale on the consolidated statement of financial position.

If prices for quoted equity securities or fair value of unquoted equity securities change by 20% (2016: 20%), respectively with all other variables including tax rate being held constant, the impact to profit or loss and other comprehensive income will be:

Group	2017 Loss after Taxation	2017 Other Comprehensive Income	2016 Loss after taxation	2016 Other Comprehensive Income
	S$	**S$**	**S$**	**S$**
Financial assets, available-for-sale:				
Equity securities (quoted):				
- if price increase by 20%	–	–	–	5,034[(1)]
- if price decrease by 20%	–	–	(5,034)[(1)]	–

(1) As the Group had recognised impairment loss on the available for sale equity instrument, any increase in fair value is recognised in other comprehensive income while any decrease will be recognised in profit or loss.

32. Capital management

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

The Group has complied with the externally imposed capital requirements during the financial years ended 31 December 2017 and 2016. The Group's overall strategy remains unchanged for the financial years ended 31 December 2017 and 2016.

The Group deems its capital as follows:

	Group 2017	Group 2016
	S$	S$
Equity attributable to the owners of the Company	**6,978,128**	4,631,488
Less: Currency translation reserve	**(406)**	(406)
Total capital	**6,977,722**	4,631,082

33. Segment information

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in three primary geographic areas namely, Mauritius, Singapore and Germany. From a business segment perspective, management separately considers the consultancy and investment management activities in these geographic areas.

For management purposes, the Group is currently organised into the following main business segments:

(a) Investment management

The Group seeks significant capital appreciation through making direct and indirect investments in companies and projects, both listed and unlisted, which the Group considers to be undervalued and with high growth prospects. Such investments may include investments in quoted and non-quoted equity or debt securities, pre-initial public offer ("IPO") shares which include late stage pre-IPO deals and early stage pre-IPO deals, IPO placement tranche shares, and other corporate finance deals, including without limitation, buyout deals and corporate restructuring deals.

(b) Consultancy

The Group renders consultancy services which include investment advisory and consultancy services in both the resource and non-resource space. This includes consultancy services rendered in maximising the probability of success for companies seeking IPO/placement deals before the actual launch of the IPO/placement efforts.

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

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

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, trade and other receivables, debt securities, financial assets and cash and cash equivalents. Segment liabilities comprise trade and other payables, finance lease liabilities, income tax liabilities and deferred income tax liabilities.

33. Segment information *(continued)*

2017	Investment Management S$	Adjustments and eliminations S$	Group S$
Revenue			
- External revenue	576,075	–	576,075
Results			
Interest income	576,075	–	576,075
Unallocated interest income	–	–	778
Depreciation	(6,000)	–	(6,000)
Unallocated depreciation	–	–	(46,013)
Impairment loss on financial assets, available-for-sale	(10,109)	–	(10,109)
Segment results	36,796	(1,383,889)	(1,420,685)
Assets			
Segment assets	6,593,790	907,259	7,501,049
Segment liabilities	40,911,359	(40,388,438)	522,921

2016	Investment Management S$	Consultancy S$	Adjustments and eliminations S$	Group S$
Revenue				
- External revenue	349,661	–	–	349,661
Results				
Interest income	170,328	–	–	170,328
Arranger fee	179,336	–	–	179,336
Unallocated interest income	–	–	–	1,005
Depreciation	(6,000)	–	–	(6,000)
Unallocated depreciation	–	–	–	(84,696)
Impairment loss on trade receivables	(105,864)	(2,281,635)	–	(2,387,499)
Impairment loss on other receivables	(12,253)	–	–	(12,253)
Impairment loss on financial assets, available-for-sale	(114,660)	–	–	(114,660)
Impairment loss on debt securities	(3,665,790)	–	–	(3,665,790)
Unallocated income tax credit	–	–	–	5,351
Income tax credit	184	–	–	184
Segment results	(4,107,706)	(2,283,876)	(1,885,295)	(8,276,877)
Assets				
Segment assets	3,528,877	1	1,655,704	5,184,582
Segment liabilities	37,508,925	749,614	(37,705,445)	553,094

33. Segment information *(continued)*

Geographical market of clients

The following details show the distribution of the Group's revenues and non-current assets from continuing operations based on the geographical segments in which the clients are located:

	Group			
	Revenues		Non-current assets	
	2017	2016	**2017**	2016
	S$	S$	**S$**	S$
Singapore	**–**	–	**189,815**	239,079
Germany	**12,398**	–	**–**	–
Indonesia	**–**	349,661	**–**	–
Mauritius	**563,677**	–	**–**	–
	576,075	349,661	**189,815**	239,079

With the exception of Mauritius (2016: Indonesia), no other geographical segments contributed more than 10% of the Group's consolidated revenue. Revenue is based on the geographical segment in which the clients are located.

34. Events after the Reporting Period

(i) On 3 January 2018, the Group completed Stage 3A of its investment into Straits Hi-Rel Pte Ltd ("SHR") pursuant to the terms and conditions in the Investment and Shareholders' Agreement with SHR and the Original Shareholders of SHR, as amended by the amendment agreement dated 28 December 2017.

(ii) Subsequent to 31 December 2017, the bond subscriber subscribed for $1.0 million in the last sub-tranche of Tranche 2 Bonds and another $1.0 million in the first sub-tranche of Tranche 3 Bonds and also converted the Bonds into 250,000,000 Conversion Shares at a conversion price of $0.004 per share, increasing the Company's issued share capital base to 2,814,249,336 shares.

(iii) On 1 March 2018, the Company entered into a Third Supplemental Agreement with REO Magnetic Pte. Ltd. in relation to the Proposed Acquisition of 60% of the issued and paid up share capital of Tantalum Holding (Mauritius) Ltd whereby it was agreed that the long-stop date for the Proposed Acquisition would be extended to 31 March 2018.

(iv) On 1 March 2018, the Group entered into an addendum with Tantalum Holding (Mauritius) Ltd to extend the Maturity Date of the Original Facility Agreement to 30 June 2018. The term of the Original Facility Agreement (as previously amended on 28 September 2017) was due to expire on 31 March 2018.

35. Investigations by regulatory authorities

<u>Investigation by Commercial Affairs Department (the "2014 Investigation")</u>

On 2 April 2014, the Company with five other wholly-owned subsidiaries of the Company then (one of which has since been disposed of) and two funds (including two subsidiaries of one of the funds) that were previously managed by the subsidiary of the Company that has since been disposed of, were served notices by the Commercial Affairs Department of the Singapore Police Force ("CAD") for an investigation into an alleged offence under the Securities and Futures Act, Cap 289 which required the Company and those entities to provide CAD with access to certain data. Since then, the Company has been cooperating fully with CAD in its investigation. The CAD confirmed to the auditors that their investigation is still ongoing but has not provided the Company with any further details or updates of its investigation, apart from certain key personnel being requested to attend further interviews by CAD in 2015.

<u>Joint investigation by the Monetary Authority of Singapore and Commercial Affairs Department (the "2016 Investigation")</u>

The Company has been served a joint notice dated 7 December 2016 by the Monetary Authority of Singapore and the Commercial Affairs Department of the Singapore Police Force (hereinafter collectively referred to as the "Authorities") which states that the Authorities are investigating into an offence under the Securities and Futures Act (Chapter 289) and require access to certain documents and information pertaining to the Company. The Authorities have not disclosed to the Company any further details on their investigation. The Company has been cooperating fully with the Authorities in their investigation.

36. Authorisation of consolidated financial statements for issue

The consolidated financial statements of the Group for the financial year ended 31 December 2017 were authorised for the issue in accordance with a resolution of directors on 5 April 2018.

SHAREHOLDERS' STATISTICS AND DISTRIBUTION

As at 27 March 2018

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of issued shares	:	2,814,249,336 shares
No. of treasury shares	:	Nil

Distribution of Shareholdings as at 27 March 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	–	–	–	–
100 - 1,000	65	3.87	57,555	–
1,001 - 10,000	313	18.64	2,146,500	0.08
10,001 - 1,000,000	1,085	64.62	256,051,400	9.10
1,000,001 AND ABOVE	216	12.87	2,555,993,881	90.82
	1,679	100.00	2,814,249,336	100.00

Twenty Largest Shareholders as at 27 March 2018

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	431,513,112	15.33
2	PHILLIP SECURITIES PTE LTD	332,910,700	11.83
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	249,312,300	8.86
4	RHB SECURITIES SINGAPORE PTE LTD	162,204,200	5.76
5	ABDUL WAHID BIN ABDUL GHANI	140,000,000	4.97
6	HO BENG SIANG	99,137,900	3.52
7	DONGSHAN GROUP LIMITED	50,000,000	1.78
8	DBS NOMINEES PTE LTD	42,910,400	1.52
9	TAN YEO KEE	40,300,000	1.43
10	OCBC SECURITIES PRIVATE LTD	38,337,000	1.36
11	OOI WOOI JING	30,000,000	1.07
12	CHIEW HOCK SENG (ZHOU FUCHENG)	28,000,000	0.99
13	RAFFLES NOMINEES (PTE) LTD	23,699,600	0.84
14	FINANCIAL FRONTIERS PTE LTD	23,529,412	0.84
15	CHEN JIAN	23,234,700	0.83
16	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	22,972,602	0.82
17	TAN SOON KEE	22,000,000	0.78
18	CHEW POH HONG	19,000,000	0.68
19	CITIBANK NOMINEE SINGAPORE PTE LTD	18,611,500	0.66
20	LEOW LAY CHOO	18,100,000	0.64
		1,815,773,426	64.51

Based on Shareholders' Statistics and Distribution as at 27 March 2018, approximately 90.35% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Direct and Indirect Interest of Substantial Shareholders as at 29 March 2018
(As recorded in the Register of Members)

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Chen Tong	269,579,412	9.58	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 137 Cecil Street, #09-01 (Training Room 3) Hengda Building, Singapore 069537 on Thursday, 26 April 2018 at 10:00 a.m., to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statements and Independent Auditors' Report thereon. *Resolution 1*

2. To approve the payment of Directors' fees of up to S$240,000/- for the financial year ending 31 December 2018, to be paid quarterly in arrears. *Resolution 2*

3. To re-elect Mr Kwok Wei Woon, the Director retiring by rotation pursuant to Article 89 of the Company's Constitution. *Resolution 3*
[See Explanatory Note (i)]

4. To re-appoint Messrs RT LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 4*

SPECIAL BUSINESSES:

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

5. **Authority to allot and issue shares** *Resolution 5*

"That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:-

(a) (i) issue shares in 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) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall be limited as follows:

(A) without prejudice to sub-paragraph (1)(B) below, the aggregate number of shares to be issued shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below) ("**General Limit**");

(B) in addition to the General Limit, the aggregate number of shares to be issued by way of renounceable rights issue on a pro rata basis ("**Renounceable Rights Issues**") shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated with sub-paragraph (4) below ("**Additional Limit**");

(C) where an issue of shares is to be issued by way of Renounceable Rights Issues, that issue shall first use the Additional Limit, and in the event that the Additional Limit has been fully used and is insufficient to satisfy that issue, that issue may use the General Limit, but only to the extent of the then remaining General Limit;

(D) where an issue of shares is to be issued otherwise than by way of Renounceable Rights Issue, that issue may only use the General Limit, but only to the extent of the then remaining General Limit;

(E) an issue of shares that is not for a financing purposes may only use the General Limit, but the number of such shares that may be issued shall be limited to the numerical number of the then remaining Additional Limit;

(2) the General Limit and the Additional Limit shall not, in aggregate, exceed one hundred per centum (100%) of the total number of issue shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below;

(3) no shares shall be issued pursuant to this Resolution after 31 December 2018, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (4) below;

(4) (subject to such 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 (1)(A) and (1)(B) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of 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 which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(5) 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 of the Company; and

(6) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (ii)]

6. **Authority to allot and issue shares under the ISR Performance Share Plan** *Resolution 6*

"That authority be and is hereby given to the Directors of the Company to offer and grant awards in accordance with the provisions of the ISR Performance Share Plan and to allot and issue from time to time such number of fully-paid new Shares as may be required to be allotted and issued pursuant to the vesting of awards under the ISR Performance Share Plan provided always that the aggregate number of Shares which may be issued or transferred pursuant to awards granted under the ISR Performance Share Plan, when added to (i) the number of Shares issued and issuable and/or transferred and transferable in respect of all awards granted thereunder; and (ii) all Shares issued and issuable and/or transferred and transferable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company and for the time being in force shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings, if any) of the Company on the day preceding the relevant date of award, and provided also that subject to such adjustments as may be made to the ISR Performance Share Plan as a result of any variation in the capital structure of the Company."

[See Explanatory Note (iii)]

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

BY ORDER OF THE BOARD

Vincent Lee Chung Ngee
Tan Wee Sin
Company Secretaries

11 April 2018
Singapore

Explanatory Notes:-

(i) Mr Kwok Wei Woon will, upon re-election as Director of the Company, remain as the Chairman of Audit Committee and a member of Remuneration Committee and Nominating Committee. Mr Kwok Wei Woon is considered to be independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Kwok Wei Woon can be found on page 4 of the Annual Report 2017. There are no relationships (including immediate family relationship) between Mr Kwok Wei Woon and the other Directors of the Company or its shareholders.

(ii) Ordinary Resolution 5, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting ("**AGM**") of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50% of the total number of issued shares (**excluding treasury shares**) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders of the Company (the General Limit) and (ii) additional 50% for Renounceable Rights Issues, of the total number of issued shares (excluding treasury shares) in the capital of the Company (the Additional Limit), provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) at the time Ordinary Resolution 5 is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

The authority for the Additional Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date no further shares shall be issued pursuant to this Resolution, if on that date the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) exceeds 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company ("the **Enhanced Rights Issue Limit**"). The Enhanced Rights Issue Limit is aimed at helping companies raise funds expediently for expansion activities or working capital. It is subject to the condition that the Company complies with applicable legal requirements including but not limited to provisions in the Companies Act requiring the Company to seek shareholders' approval and disclosure requirements under the Listing Manual on the use of the proceeds as and when the funds are materially disbursed and a status report on the use of proceeds as and when the funds are materially disbursed and a status report on the use of the proceeds in the annual report; and limitations in any existing mandate from shareholders.

The Board is of the view that the Enhanced Rights Issue limit is in the interests of the Company and its shareholders as this provides flexibility to the Company to undertake future corporate exercises in an expeditious manner, as and when the need arises, without the need to convene an Extraordinary General Meeting.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

(iii) The Ordinary Resolution 6, if passed, will empower the Directors of the Company to offer and grant awards under the ISR Performance Share Plan and to allot and issue Shares pursuant to the vesting of such awards in accordance with the ISR Performance Share Plan.

Notes:

1. A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.

3. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

***Relevant Intermediary** is:

(a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services license to provide custodial services for securities under the Securities Futures Act (Cap.89) and who holds shares in that capacity; or

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

4. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 83, Clemenceau Avenue, #10-03 UE Square, Singapore 239920, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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ISR CAPITAL LIMITED
(Company No. : 200104762G)
(Incorporated in the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT
1. For investors who have used their CPF monies to buy ISR Capital Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of "Relevant Intermediary")
3. 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.

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 AGM dated 11 April 2018.

*I/We ______________________________

of ______________________________

being *a member/members of ISR Capital Limited. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting of the Company to be held at 137 Cecil Street, #09-01 (Training Room 3) Hengda Building, Singapore 069537 on Thursday, 26 April 2018 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' Statements and Independent Auditor's Report thereon.		
2.	Approval of payment of Directors' fees of up to S$240,000/- for the financial year ending 31 December 2018, to be paid quarterly in arrears.		
3.	Re-election of Mr Kwok Wei Woon as Director.		
4.	Re-appointment of Messrs RT LLP as Auditors.		
5.	Authority to allot and issue shares.		
6.	Authority to allot and issue shares under ISR Performance Share Plan.		

* *Delete accordingly*
\# *If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

IMPORTANT. Please read notes overleaf.

Dated this ________ day of ______________ 2018

Total number of shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

Notes :

1. *Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.*
2. *A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.*
3. *Where a member appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.*
4. *A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).*

   ****Relevant Intermediary** is:*

   (a) *a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or*

   (b) *a person holding a capital markets services license to provide custodial services for securities under the Securities Futures Act (Cap.89) and who holds shares in that capacity; or*

   (c) *the Central Provident Fund Board established by the Central Provident Fund (Cap.36), in respect of shares purchased on behalf of CPF investors.*
5. *A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.*
6. *The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.*
7. *Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.*
8. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 83 Clemenceau Avenue, #10-03 UE Square, Singapore 239920, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.*
9. *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 Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.*

General :

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 whose shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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AFFIX
POSTAGE
STAMP

The Company Secretary
ISR CAPITAL LIMITED
83 Clemenceau Avenue
#10-03 UE Square
Singapore 239920

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chen Tong
Executive Chairman and Executive Director

Kwok Wei Woon
Lead Independent Director

Lee Ka Shao
Independent Director

Lin, Chen Hsin
Independent Director

AUDIT COMMITTEE

Kwok Wei Woon – Chairman
Lee Ka Shao
Lin, Chen Hsin

NOMINATING COMMITTEE

Lee Ka Shao – Chairman
Chen Tong
Kwok Wei Woon

REMUNERATION COMMITTEE

Lee Ka Shao – Chairman
Kwok Wei Woon
Lin, Chen Hsin

REGISTERED OFFICE

83 Clemenceau Avenue
#10-03 UE Square
Singapore 239920
T: (65) 6319 4999
F: (65) 6319 4980
www.isrcap.com

AUDITORS

RT LLP
1 Raffles Place
#17-02 One Raffles Place
Singapore 048616
Partner-in-charge: Su Chun Keat
(Appointed in Financial Year 2015)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

COMPANY SECRETARIES

Vincent Lee Chung Ngee
Tan Wee Sin

ISR

ISR CAPITAL LIMITED | 威豪投资集团

Company Registration No. 200104762G
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