Dasin Retail Trust
Management Pte. Ltd.
(Registration No. 201531845N)

Directors' Statement and Financial Statements

Year Ended 31 December 2018

Contents

Directors' Statement

The directors present their statement together with the financial statements of the Company for the year ended 31 December 2018.

In the opinion of the directors, the financial statements as set out on pages 5 to 29 are drawn up so as to give a true and fair view of financial position of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Company for the year then ended and at the date of this statement, with the continuing financial support from its related parties, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Zhang Zhencheng
Zhang Zhongming
Cao Yong
Sun Shu
Tan Huay Lim

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

As disclosed in Note 11 to the financial statements, the trustee fee and management fee – base fee received/receivable from the Trust (as defined therein) in accordance with the trust deed during the year ended 31 December 2018 amounted to $323,685 (2017 : $253,529) and $4,046,059 (2017 : $3,169,108) respectively. The fees were received/receivable from the Trust in the form of 5,065,595 (2017 : 4,186,615) units of the Trust with carrying values totalling $4,369,744 (2017 : $3,422,637).

Except as disclosed above, neither at the end of, nor at any time during the financial year, did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in name of director		Shareholdings in which director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Company				
Dasin Retail Trust Management Pte. Ltd. (Ordinary shares)	Number of shares			
Zhang Zhencheng	500,001	500,001	5,000	–

Directors' Statement

4 SHARE OPTIONS

(a) *Option to take up unissued shares*

During the year, no option to take up unissued shares of the Company was granted.

(b) *Option exercised*

During the year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the year, there were no unissued shares of the Company under option.

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Zhang Zhencheng

Zhang Zhongming

26 March 2019

Independent Auditor's Report to the Members of Dasin Retail Trust Management Pte. Ltd.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Dasin Retail Trust Management Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 29.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report to the Members of Dasin Retail Trust Management Pte. Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Chartered Accountants
Singapore

26 March 2019

Statement of Financial Position

31 DECEMBER 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents		**941,186**	441,743
Amount due from related parties	4	**4,464,720**	3,589,548
Other receivables and deposits	5	**260,671**	277,534
Total current assets		**5,666,577**	4,308,825
Non-current assets			
Available-for-sale financial assets	6	**–**	2,482,682
Financial assets at fair value through other comprehensive income (FVOCI)	6	**4,361,782**	–
Plant and equipment	7	**2,354,032**	389,373
Total non-current assets		**6,715,814**	2,872,055
Total assets		**12,382,391**	7,180,880
LIABILITIES AND NET CAPITAL DEFICIENCY			
Current liabilities			
Amount due to related parties	4	**10,572,819**	8,743,524
Other payables	8	**1,364,901**	346,845
Total current liabilities		**11,937,720**	9,090,369
Non-current liabilities			
Other payables	8	**1,414,453**	–
Total non-current liabilities		**1,414,453**	–
Total liabilities		**13,352,173**	9,090,369
Capital and accumulated losses			
Share capital	9	**505,001**	505,001
Revaluation reserve	10	**114,928**	163,109
Accumulated losses		**(1,589,711)**	(2,577,599)
Net capital deficiency		**(969,782)**	(1,909,489)
Total liabilities and net capital deficiency		**12,382,391**	7,180,880

Statement of Profit or Loss and Other Comprehensive Income

FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue	11	**4,369,744**	3,422,637
Dividend income from financial assets at FVOCI		**417,469**	–
Other (losses)/gains	12	**(142,154)**	252,363
Administrative expenses		**(3,706,256)**	(3,614,504)
Finance costs - interest expense on lease liabilities		**(31,725)**	–
Profit before income tax		**907,078**	60,496
Income tax expense	13	**–**	–
Profit for the year	14	**907,078**	60,496
Other comprehensive income: *Items that may be reclassified subsequently to profit or loss*			
Fair value gain on available-for-sale financial assets		**–**	163,109
Items that will not be reclassified subsequently to profit or loss			
Fair value gain on investments in equity instruments designated as FVOCI		**32,629**	–
Total comprehensive income for the year		**939,707**	223,605

Statement of Changes in Equity

FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Share capital $	Revaluation reserve $	Accumulated losses $	Total $
Balance at 1 January 2017	505,001	–	(2,638,095)	(2,133,094)
Total comprehensive income for the year:				
Profit for the year	–	–	60,496	60,496
Other comprehensive income for the year	–	163,109	–	163,109
Total	–	163,109	60,496	223,605
Balance at 31 December 2017	505,001	163,109	(2,577,599)	(1,909,489)
Total comprehensive income for the year:				
Profit for the year	–	–	907,078	907,078
Other comprehensive income for the year	–	32,629	–	32,629
Total	–	32,629	907,078	939,707
Transfer on disposal of equity instruments designated as FVOCI (Note 10)	–	(80,810)	80,810	–
Balance at 31 December 2018	505,001	114,928	(1,589,711)	(969,782)

Statement of Cash Flows

FINANCIAL YEAR ENDED 31 DECEMBER 2018

	2018 $	2017 $
Operating activities		
Profit before income tax	**907,078**	60,496
Adjustment for:		
Depreciation of plant and equipment	**338,010**	39,449
Depreciation of right-of-use asset	**208,908**	–
Trustee fee received in units (Note A)	**(323,685)**	(171,820)
Management fee received in units (Note A)	**(4,046,059)**	(2,147,753)
Finance costs	**31,725**	–
Foreign exchanges	**106,224**	(247,764)
Operating cash flows before movements in working capital	**(2,777,799)**	(2,467,392)
Movements in working capital		
Other receivables and deposits	**16,863**	(41,892)
Other payables	**119,091**	341,177
Cash used in operations	**(2,641,845)**	(2,168,107)
Interest paid	**(31,725)**	–
Net cash used in operating activities	**(2,673,570)**	(2,168,107)
Investing activities		
Purchase of plant and equipment (Note B)	**(4,678)**	(10,472)
Proceeds from disposal of financial assets at FVOCI	**2,595,000**	–
Increase in amounts due from related parties	**–**	(985,725)
Net cash from/(used in) investing activities	**2,590,322**	(996,197)
Financing activities		
Repayment of advances to related parties	**(1,000,000)**	–
Payment of lease liabilities	**(193,481)**	–
Increase in amounts due to related parties (Note B)	**1,776,172**	3,031,538
Net cash from financing activities	**582,691**	3,031,538
Net increase/(decrease) in cash and cash equivalents	**499,443**	(132,766)
Cash and cash equivalents at beginning of year	**441,743**	574,509
Cash and cash equivalents at end of year	**941,186**	441,743

Statement of Cash Flows

FINANCIAL YEAR ENDED 31 DECEMBER 2018

Significant non-cash and other transactions

Note A: Trustee fee and Management fee

During the financial year, 5,205,171 units (2017: 2,837,351 units) were issued to the Company at various unit prices in satisfaction of trustee fee and management fee, amounting to $4,441,471 (2017: $2,319,573).

On 11 March 2019, the Trust issued 1,257,253 units in respect of trustee fees and management fees for the period from 1 October 2018 to 31 December 2018, at a unit price of $0.85342 per unit to the Company, amounting to $1,072,964.

On 12 March 2018, the Trust issued 1,349,264 units in respect of trustee fees and management fees for the period from 1 October 2017 to 31 December 2017, at a unit price of $0.81753 per unit to the Company, amounting to $1,103,064.

Note B: Purchase of plant and equipment

In 2017, a related party transferred plant and equipment at net book value amounting to $409,051 to the Company.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash from financing activities.

				Non-cash changes	
	1 January 2018 $	New leases (Right-of-Use) $	Financing cash flows (i) $	Foreign exchange movement $	31 December 2018 $
Liabilities arising from financing activities					
Leases liabilities	–	2,506,899	(193,481)	–	2,313,418
Amount due to related parties (Note 4)	8,743,524	–	1,723,071	106,224	10,572,819
	8,743,524	2,506,899	1,529,590	106,224	12,886,237

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

Notes to the Financial Statements

31 DECEMBER 2018

1 GENERAL

The Company (Registration No. 201531845N) is incorporated in the Republic of Singapore with its principal place of business and registered office at 8 Marina Boulevard, #14-02 Marina Bay Financial Centre, Singapore 018981. The financial statements are expressed in Singapore dollars ("SGD"), which is also the functional currency of the Company.

The principal activity of the Company is to act as the trustee-manager of Dasin Retail Trust (the "Trust"), a trust constituted in Singapore under the trust deed dated 15 January 2017 and listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 January 2017. The immediate and ultimate controlling party of the Company is Zhang Zhencheng.

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue by the directors on 26 March 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS of ACCOUNTING – The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 ADOPTION OF NEW AND REVISED STANDARDS – In the current year, the Company has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the year beginning on and after 1 January 2018. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior year, except as disclosed below.

<u>FRS 109 *Financial Instruments*</u>

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Company adopted the principles under FRS 109 from 1 January 2018.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Changes in accounting policies resuling from the adoption of the principles under FRS 109 have been generally applied by the Company as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 is presented, as previously reported under FRS 39 *Financial Instruments : Recognition and Measurements*.

  Arising from this election, the Company is exempted from providing disclosures required by FRS 107 *Financial Instruments : Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of FRS 109. Instead, disclosure under FRS 107 relating to items within the scope of FRS 39 are provided for the comparative period.

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

The impact upon adoption of the principles under FRS109, including the corresponding tax effects, are described below.

(a) Classification of financial assets and financial liabilities

FRS 109 contains these principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets using the principles under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale.

FRS 109 largely retains the existing principles of FRS 39 for the classification and measurement of financial liabilities.

The following table explain the original measurement categories using the principles under FRS 39 and the new measurement categories using the principles under FRS 109 for each class of the Company's financial assets as at 1 January 2018.

	Original classification using the principles under FRS 39	**New classification using the principles under FRS 109**
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortised cost
Amount due from related parties	Loans and receivables	Amortised cost
Other receivables and deposits	Loans and receivables	Amortised cost
Investment in equity instruments	Available-for-sale	FVOCI

For an explanation of how the Company classifies and measures financial assets and related gains and losses using the principles under FRS 109, please refer to below Note.

The adoption of the principles under FRS 109 has not had a significant effect on the Company's accounting policies for financial liabilities.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

(b) Impairment of financial assets

FRS 109 replaces the "incurred loss" model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised costs. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The adoption of the new impairment model under FRS 109 does not results in additional allowance for impairment.

FRS 116 *Leases*

On 1 January 2018, the Company has applied FRS 116 *Leases* in advance of its effective date.

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requires and requiring the recognition of a right-of-use asset and a lease liabilities at commencement of all leases, except for short-term leases and leases of low value assets. In contract to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

Impact of the new lease definition of a lease

The Company has made use of the practical expedient available on transition to FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with FRS 17 will continue to applied to those leases entered or modified before 1 January 2018.

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after 1 January 2018 (whether it is a lessor or a lessee in the lease contract).

Impact on lessee accounting

Applying FRS 116, for all leases (except leases entered or modified before 1 January 2018), the Company:

- Recognises right-of-use of assets (Note 7) and lease liabilities (Note 8) in the statement of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of profit or loss.

Under FRS 116, right-of-use assets are tested for impairment in accordance with FRS 36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

2.3 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FINANCIAL INSTRUMENTS (CONT'D)

- *Financial assets (before 1 January 2018)*

  Effective interest method

  The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

  Other receivables, amount due from related parties and cash and cash equivalents

  Other receivables, amount due from related parties, and cash and cash equivalents are subsequently measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

  Impairment of financial assets

  The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount is reduced through the use of an allowance account. When the receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

  Derecognition of financial assets

  The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

- *Financial assets (from 1 January 2018)*

  All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

  All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FINANCIAL INSTRUMENTS (CONT'D)

- *Financial assets (from 1 January 2018) (CONT'D)*

  - *Classification of financial assets*

Debt instruments mainly comprise cash and cash equivalents, amount due from related parties, and other receivables that meet the following conditions and are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FINANCIAL INSTRUMENTS (CONT'D)

- *Financial assets (from 1 January 2018) (CONT'D)*

  Equity instruments designated as at FVOCI

  On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 Business Combinations applies.

  A financial asset is held for trading if:
  - it has been acquired principally for the purpose of selling it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
  - it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

  Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

  The Company has designated all investments in equity instruments that are not held for trading as at FVOCI on initial application of FRS 109.

  Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

  - *Impairment of financial assets*

    The Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

    The Company always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

    For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

    Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FINANCIAL INSTRUMENTS (CONT'D)

- *Financial assets (from 1 January 2018) (CONT'D)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

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

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FINANCIAL INSTRUMENTS (CONT'D)

- *Financial assets (from 1 January 2018) (CONT'D)*

  Measurement and recognition of expected credit losses

  For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

  If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

  - *Derecognition of financial assets*

    The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

- *Financial liabilities and equity instruments*

  - *Classification as debt or equity*

    Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

  - *Equity instruments*

    An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

  - *Other payables and amount due to related parties*

    Other payables and amount due to related parties are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

  - *Derecognition of financial liabilities*

    The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they have expired.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FINANCIAL INSTRUMENTS (CONT'D)

- *Offsetting arrangements*

  Financial assets and financial liabilities are offset and the net amount presented in the financial statements when the Company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

  A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.4 CASH AND CASH EQUIVALENTS – Cash and cash equivalents comprise cash balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.5 LEASES

(Before 1 January 2018)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss 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 economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(From 1 January 2018)

At inception of a contract, the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

The Company recognises a right-to-use (ROU) asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct costs and the cost of obligations to refurbish the asset, less any incentives received. The ROU asset is depreciated using the straight-line method over the shorter of lease term or the useful life of the underlying asset from the commencement of the lease. The ROU asset is subject to testing for impairment if there is an indicator for impairment. The lease liability is measured at amortised cost using the effective interest method. The Group uses its incremental onshore borrowing rate as the discount rate.

The ROU asset is included in the caption plant and equipment, and the lease liability is included in the captions current and non-current other payables.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, on the following bases:

Computers and office equipment – 1 to 5 years
Right-of-use – 3 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

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

2.7 IMPAIRMENT OF NON FINANCIAL ASSETS

At the end of each reporting period, the company reviews the carrying amounts of the non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

2.8 REVENUE RECOGNITION

- *Trustee-Manager Fees*

  Fees are recognised on an accrual basis and in accordance with the terms and conditions of the trust deed that the Company has entered into with Dasin Retail Trust. Under the trust deed, the Company is entitled to a management fee (comprising a base fee and a performance fee), trustee fee, acquisition fee and divestment fee, computed as follows:

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 REVENUE RECOGNITION (CONT'D)

(i) Base fee

- 0.25% per annum of the value of the property, if the value of the property of the Trust ("Trust Property") is less than or equal to $10.0 billion; or
- 0.25% per annum of the value of the Trust Property up to $10.0 billion plus 0.20% per annum of the value of the Trust Property which exceeds $10.0 billion, if the value of the Trust Property is greater than $10.0 billion.

For the purposes of the calculating the base fee only, the value of the Trust Property shall not include the value of the investments in vacant land and uncompleted property developments by the Trust.

(ii) Performance fee

The Company is entitled to receive a performance fee of 25.0% of the difference in distribution per unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance management fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

No performance fee is receivable for the financial year 2017. For the purpose of computing the performance fee for the financial year 2018, the DPU for 2018 was compared against the corresponding projected DPU as set out in the Prospectus.

- Trustee fee

  The Company is entitled to receive a trustee fee of 0.02% per annum of the value of the Trust Property, excluding out of pocket expenses and GST.

- Acquisition fee

  The Company is entitled to receive acquisition fee of 0.75% for acquisition from Interested Person and 1.0% for all other acquisition of the acquisition price plus any other payments in addition to the acquisition price made to the vendor.

- Divestment fee

  The Company is entitled to receive divestment fee of 0.5% of the sale price plus any other payments received in addition to the sale price from the purchaser.

  The Company may elect to receive the management fees, trustee fees, acquisition fees and/or divestment fees in cash or units of the Trust ("Units") or a combination of cash and/or Units (as it may in its sole discretion determine). The Company has elected to receive 100% of the Trustee Fee, Base Fee and Performance Fee in the form of Units for 2017 and 2018.

2.9 RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Notes to the Financial Statements

31 DECEMBER 2018

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit (loss) before income tax" as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.11 FOREIGN CURRENCY TRANSACTIONS

The financial statements of Company are measured and presented in SGD which is the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.
The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there are no critical judgements made in applying the Company's accounting policies and key assumption concerning the future and other key sources of estimation uncertainty as at the end of the reporting period, that may have a significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements

31 DECEMBER 2018

4 AMOUNT DUE FROM / TO RELATED PARTIES

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

The following balances were outstanding at the end of the reporting period:

	2018 $	2017 $
Amount due from related parties:		
Companies in which a director holds significant financial interests		
Amount due from related parties (non-trade)	**2,723,682**	2,402,000
Amount due from Dasin Retail Trust (trade) (Note A)	**1,031,337**	1,103,064
Amount due from Dasin Retail Trust (non-trade)	**699,701**	84,484
A director of the Company		
Amount due from a related party (non-trade)	**10,000**	–
	4,464,720	3,589,548

Note A

This relates to the trustee fee and management fee receivable from the Trust for the period from 1 October 2018 to 31 December 2018. On 11 March 2019, the Trust issued 1,257,253 units (2017: 1,349,264 units) at an unit price of $0.85342 per unit (2017: $0.81753 per unit) to the Company (Note 6). At the end of the year, a performance fee of $41,628 (2017: Nil) paid by the Trust via the issuance of 47,565 (2017: Nil) units of the Trust was reversed (Note: 11).

	2018 $	2017 $
Amount due to related parties:		
Companies in which the directors hold significant financial interests		
Amount due to related parties (non-trade)	**8,171,428**	7,753,623
A director of the Company		
Amount due to a related party (non-trade)	**–**	210,000
An individual who is related to the directors		
Amount due to a related party (non-trade)	**2,401,391**	779,901
	10,572,819	8,743,524

In 2017, a related party transferred plant and equipment at net book value amounting to $409,051 to the Company.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2018 $	2017 $
Short-term benefits	**1,278,177**	1,313,428
Post-employment benefits	**17,340**	12,240
	1,295,517	1,325,668

During the financial year, other than those related party transactions disclosed elsewhere in the financial statements, there were payments made by related parties on behalf of the Company in the ordinary course of business. These payments mainly relate to operating expenses of the Company.

5 OTHER RECEIVABLES AND DEPOSITS

	2018 $	2017 $
Deposits	**225,207**	219,497
Other receivables	**989**	20,162
Prepayment	**34,475**	37,875
	260,671	277,534

Notes to the Financial Statements

31 DECEMBER 2018

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 $	2017 $
Available-for-sale investment		
Quoted equity shares, at fair value	**–**	2,482,682
Investments in equity instruments designated as at FVOCI:		
Quoted equity shares, at fair value	**4,361,782**	–

During the financial year, the Company has elected to receive the trustee fees and management fees in units. An aggregate of 5,065,595 units (2017 : 4,186,615), amounting to $4,369,744 (2017 : $3,422,637) was/will be issued to the Company in satisfaction of trustee fee and management fee, at unit prices ranging from $0.85342 to $0.87521 (2017 : $0.08512 to $0.82900) per unit. As at the end of the reporting period, 1,257,253 units (2017:1,349,264) have yet to be issued to the Company.

The units issued by the Trust offers the Company the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on the quoted bid market prices on the last market day of the financial year.

The Company disposed off 3,000,000 units during the year to a related party. The fair value of the units disposed at the date of derecognition was $2,514,190 and the cumulative fair value gain transferred to accumulated losses was $80,810. There were no units disposed in prior year.

7 PLANT AND EQUIPMENT

	Computers and office equipment $	Right–of–Use $	Total $
Cost:			
At 1 January 2017	11,861	–	11,861
Additions during the year	419,523	–	–
At 31 December 2017	431,384	–	431,384
Additions	4,678	2,506,899	2,511,577
At 31 December 2018	436,062	2,506,899	2,942,961
Accumulated depreciation:			
At 1 January 2017	(2,562)	–	(2,562)
Charge for the year	(39,449)	–	(39,449)
At 31 December 2017	(42,011)	–	(42,011)
Charge for the year	(338,010)	(208,908)	(546,918)
Balance as at 31 December 2018	(380,021)	(208,908)	(588,929)
Carrying amount:			
At 31 December 2018	56,041	2,297,991	2,354,032
At 31 December 2017	389,373	–	389,373

The right-of-use asset relates to the lease of an office premises for three years.

Notes to the Financial Statements

31 DECEMBER 2018

8 OTHER PAYABLES

	2018 $	2017 $
Other payables	**47,359**	71,479
Lease liabilities	**2,313,418**	–
GST and withholding tax payables	**71,285**	60,726
Accrued expenses	**347,292**	214,640
	2,779,354	346,845
Other payables (Current)	**1,364,901**	346,845
Other payables (Non-current)	**1,414,453**	–
	2,779,354	346,845

The lease liabilities relates to the right-of-use assets (Note 7).

9 SHARE CAPITAL

	2018 Number of ordinary shares	2017 Number of ordinary shares	2018 $	2017 $
Issued and paid up:				
At beginning and end of year	**505,001**	505,001	**505,001**	505,001

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

10 REVALUATION RESERVE

The revaluation reserve arise on the fair value of equity instruments designated as FVOCI /revaluation of available-for-sale financial assets.

Movements in revaluation reserves

	2018 $	2017 $
At beginning of year	**163,109**	–
Transfer to accumulated losses on disposal of equity instruments designated as FVOCI during the year	**(80,810)**	–
Net fair value gain during the year	**32,629**	163,109
At end of year	**114,928**	163,109

11 REVENUE

	2018 $	2017 $
Trustee fee	**323,685**	253,529
Management fee	**4,046,059**	3,169,108
	4,369,744	3,422,637

During the year, a performance fee of $41,628 (2017: Nil) was paid by the Trust by issuance of 47,565 (2017: Nil) units of the Trust. At the end of the year, having considered the Trust's full year performance, no performance fee was payable by the Trust to the Company. Accordingly, the performance fee of $41,628 was reversed and the amount was refunded by the Company to the Trust in cash subsequent to the year end.

Notes to the Financial Statements

31 DECEMBER 2018

12 OTHER (LOSSES)/GAINS

	2018 $	2017 $
Foreign exchange (losses)/gains	**(143,483)**	249,596
Temporary employment credit	**1,045**	1,710
Others	**284**	1,057
	(142,154)	252,363

13 INCOME TAX EXPENSE

Domestic income tax is calculated at 17% of the estimated assessable income for the year.

Income tax for the year can be reconciled to the accounting profit as follows:

	2018 $	2017 $
Profit before income tax	**907,078**	60,496
Income tax expense at statutory rate of 17%	**154,203**	10,284
Effect of partial tax exemptions	**(34,000)**	(25,529)
Effect of gains that are exempt from tax	**(70,970)**	(42,431)
Effect of expenses that are not deductible in determining taxable income	**92,951**	66,205
Utilisation of previously unrecognised tax losses	**(142,184)**	(8,529)
	–	–

Subject to the agreement by the tax authorities, at the end of the reporting period, the Company had unutilised tax losses of $1,452,118 (2017 : $2,288,492) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. These losses may be carried forward indefinitely subject to conditions imposed by law, including the retention of majority shareholders.

14 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2018 $	2017 $
Employee benefits expense (including directors' remuneration)	**2,043,577**	2,019,378
Cost of defined contribution plans included in employee benefits expense	**87,233**	77,246
Depreciation of plant and equipment	**338,010**	39,449
Depreciation of right-of-use asset	**208,908**	–

Notes to the Financial Statements

31 DECEMBER 2018

15 OPERATING LEASE ARRANGEMENTS

The Company as lessee

	2018 $	2017 $
Minimum lease payments paid during the year under operating lease		
- Under FRS 7	**658,493**	877,990
- Under FRS 16 – Right-of-use asset	**225,206**	–
	883,699	877,990

The Company has recognised right-of-use asset relating to the lease of an office premises during the year (Notes 7 and 8). The lease has a tenure of three years, with a renewal option included in the contracts. The maturity analysis of the contractual undiscounted cash flows is presented as follows:

	2018 $	2017 $
Within 1 year	**900,826**	658,492
In the second to fifth year inclusive	**1,576,445**	–
	2,477,271	658,492

16 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting year:

	2018 $	2017 $
Financial assets		
At amortised cost	**5,632,102**	4,270,950
Available-for-sale financial assets	**–**	2,482,682
Financial assets at FVOCI	**4,361,782**	–
Financial liabilities		
At amortised cost	**13,280,888**	9,029,643

Notes to the Financial Statements

31 DECEMBER 2018

16 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives

Management of the Company monitors and manages the financial risks relating to the operations of the Company to ensure appropriate measures are implemented in a timely and effective manner. The key financial risks are market risk (including foreign exchange risk and equity price risk), credit risk and liquidity risk.

The Company does not hold or issue derivative financial instruments for speculative purposes.

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

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the Company's transactions that are not denominated in its functional currency.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the Company are as follows:

	Assets		Liabilities	
	2018	**2017**	**2018**	**2017**
United States dollars ("USD")	**305,915**	1,247	**3,396,778**	2,994,215
Renminbi ("RMB")	**2,971**	3,083	**2,971**	3,083
Hong Kong dollars ("HKD")	**–**	–	**3,145,540**	1,506,498

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency risk of the Company to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If USD were to strengthen/weaken by 10% against SGD, the Company's profit for the year ended will decrease / increase by approximately $309,086 (2017 : loss will increase /decrease by approximately $299,297).

If HKD were to strengthen/weaken by 10% against SGD, the Company's profit for the year ended will decrease/increase by approximately $314,554 (2017 : loss will decrease/ increase by approximately $150,650).

Management has determined the impact on the Company's profit from the movement of RMB to be minimal.

Notes to the Financial Statements

31 DECEMBER 2018

16 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

(ii) Liquidity risk management

The Company maintain sufficient cash and cash equivalents to finance its activities. All financial assets and financial liabilities are repayable on demand or due within 1 year from the end of the reporting period, except for leases liabilities for year ended 31 December 2018 (2017 : Nil).

The following tables detail the remaining contractual maturity lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
		S$	S$	S$	S$
31 December 2018					
Lease liabilities	5.36%	900,826	1,576,445	(163,853)	2,313,418

As of 31 December 2018, the Company has net liabilities of $969,782 (2017 : $1,909,489). The financial statements of the Company, however have been prepared on the basis of accounting principles applicable to a going-concern. The Company's continuation as a going concern is dependent on its related parties agreeing to provide support and to not demand repayment of the amount due to them if the Company has any financial difficulty. In this connection, letters of financial support have been obtained from its related parties to continue providing financial support to the Company.

(iii) Credit risk management

The Company's credit risk is primarily attributable to its amount due from related parties and other receivables. Cash is held with credit worthy financial institutions.

The Company establishes impairment losses that represents the ECL in respect of financial assets. The impairment losses account comprises (i) the lifetime ECL for trade receivables using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of condition at the reporting date, including the time value of money where appropriate; (ii) 12-month ECL for all other instruments when there is default events on a financial instrument that are possible within the 12 months after the reporting date; and (iii) the lifetime ECL which is recognised when there is a significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The impairment losses account in respect of financial assets is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the impairment losses account is written off against the carrying amount of the impaired financial asset.

The Company has considered the counterparty i.e. amount due from related parties, other receivables and cash and bank deposits placed with banks and exposures are considered to have low credit risk.

Notes to the Financial Statements

31 DECEMBER 2018

16 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (Cont'd)

(iv) Equity price risk management

The Company is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Company does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Note 6 to the financial statements.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity investments designated as FVOCI, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant:

- The Company's profit for the year ended 31 December 2018 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired.
- The Company's asset revaluation reserves would decrease/increase by $436,178 (2017 : $248,268).

(v) Fair value of financial assets and financial liabilities

Except as detailed in the following table, where the equity investments of the Company are measured at fair value at the end of each reporting period, the financial assets and financial liabilities are carried at amortised cost and the carrying values are approximate their respective fair values due to the relatively short term maturity of these financial instruments.

The following table gives information about how the fair values of the equity investments are determined.

	Assets		Fair value hierarchy	Valuation techniques and key inputs
	2018 **$**	**2017** **$**		
Available-for-sale financial assets (Note 6)	**–**	2,482,682	Level 1	Quoted bid market prices on the last market day of the financial year
Equity investments designated as FVOCI	**4,361,782**	–	Level 1	Quoted bid market prices on the last market day of the financial year

(c) Capital risk management policies and objectives

Management reviews the Company's capital structure at least annually to ensure that it will be able to continue as a going concern. The capital structure of the Company comprises only issued capital, revaluation reserves and accumulated losses. The Company's overall strategy remains unchanged from 2017.