AA GROUP HOLDINGS LTD

ANNUAL REPORT 2017

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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Corporate Profile

AA Group Holdings Ltd. was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited in 2005 with its primary business in the manufacturing and supply of high-precision cold forged loudspeaker parts. In 2017, the Group underwent a transformation as it ventured into new business segments and subsequently divested its initial business. The divestment was completed in January 2018 and the Group now focuses on the new businesses below:

Leasing and service income

Through our purpose built industrial complex spanning over a land size of 75,000 square metres and a gross floor area of over 53,000 square metres, we provide a one-stop high value-added general warehousing and logistics services, industrial and office space for engineering, manufacturing and industrial training and workers' dormitory facilities. Some of our major clients include NTUC Learning Hub, Space Furniture, UMW Equipment & Engineering, Sunningdale Tech and Germaxco Shipping Agencies.

Supply and manufacturing of ready-mix concrete, precast component and related products

We supply ready-mix concrete in Singapore to various customers in the construction and civil engineering sector and the ready-mix concrete is a specialised business whereby very stringent criterion are set. Ready-mix concrete refers to concrete that have been weigh-batched at the batching plant, mixed inside a mixer in the plant itself or in a mechanical concrete mixer mounted on a truck chassis while in transit from the plant. The ready-mix is thus delivered in a "ready-to-use" state to its intended destination and ultimate location at the construction site. The ready-mix concrete industry is a support industry to the construction industry, where the construction industry constitutes one of the main sectors of Singapore's economy.

Manufacturing of articles of concrete, cement and plaster, and these relating to general contractors

We provide value-added and cost competitive manufacturing solutions to the construction sector with various product mix of structural and non-structural precast concrete products, that are suitable for all types of civil and construction works. The concrete products are sold mainly to civil engineering contractors undertaking projects from government ministries and statutory boards for infrastructure works and public housing.

Chairman's Message

DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the financial results of AA Group Holdings Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2017 ("**FY2017**").

FY2017 will be looked upon as a year of transformation as we diversified the Group's business activities (the "**Diversification**"). During the year, we acquired three new subsidiaries as we took our first step in establishing our footprint in the market segments of leasing of property and provision of property related services, and manufacturing and supply of construction-related materials. Subsequently, we also divested our core business in the manufacturing and supply of high precision cold forged loudspeaker parts, completely changing the face of the Company. We also took the opportunity and divested our interest in our construction arm to strengthen our financial position. Both divestments were completed in January and February 2018 respectively.

The Diversification is part of the corporate strategy of the Company to provide shareholders of the Company (the "**Shareholders**") with diversified returns and long-term growth. The Board of Directors believe that the Diversification will offer new business opportunities in different industries in the future and improve the Group's prospects, so as to enhance Shareholders' value.

The Company remains focused on enhancing operational efficiency to improve the profitability of the newly acquired businesses in FY2017 and continue to explore business opportunities to diversify its business portfolio.

BUSINESS DIVERSIFICATION AND OUTLOOK

In addition to the Group's organic growth initiatives, the Company has been exploring opportunities to diversify its business portfolio and the Company will continue to evaluate potential acquisitions that can strengthen and broaden its revenue base, add long term value and help to position the Group strategically for further growth.

Examples of our efforts at strengthening and diversifying the Group's revenue base are the recent acquisitions of Engineering Manufacturing Services (S) Pte. Ltd. ("**EMS**"), W&P Corporation Pte. Ltd. and W&P Precast Pte. Ltd. (collectively, the "**Acquired Subsidiaries**"). Following the said acquisitions, the current core businesses of the Group are as follows:

(1) Leasing and service income;
(2) Manufacturing of articles of concrete, cement and plaster; and
(3) Supply and manufacturing of ready-mix concrete products.

Further, the Group intends to diversify its current core businesses to include that of the Waste Management and Recycling Business. The Company is seeking approval from Shareholders for the Proposed Diversification on the Extraordinary General Meeting scheduled on 30 May 2018.

While it is certain that the global business environment remains competitive and the Group will continue to face challenges along the way, barring unforeseen circumstances, I remain optimistic that we will be able to overcome the challenges and compete effectively with our diversification strategy.

FINANCIAL REVIEW

Continuing operations

The consolidated sales revenue in FY2017 of approximately S$11.18 million arose from the Group's continuing operations, which arose from the Acquired Subsidiaries acquired in FY2017. Other operating income amounting to S$36.31 million is mainly in relation to the bargain purchase arising

Chairman's Message

from the acquisition of EMS in February 2017. The increase in administrative costs is mainly due to the contribution of the said costs arising from the consolidation of the Acquired Subsidiaries in FY2017.

Discontinued operations

The loss for the year from discontinued operations arose from the operational activities of Toko Construction Pte. Ltd. ("**Toko**") and, Allied Advantage Sdn. Bhd. and its subsidiary ("**AASB**"). The loss is mainly due to slow-down in the revenue contribution from speaker parts and construction activities. Further, the Group has recognised an impairment loss of S$1.85 million and S$3.98 million for the impairment of property, plant and equipment, and fair value adjustment on assets classified as held for sale respectively.

Please refer to the section of "Operating and Financial Review" of the Annual Report for FY2017 for further understanding of the Group's financial performance and position in 2017.

CORPORATE GOVERNANCE

As part of the Group's culture and business practises, the Group is committed to maintain high standards of corporate governance. Please refer to the outline of the key corporate governance policies on page 13 – 48 of this Annual Report.

APPRECIATION

I would like to take this opportunity to express my gratitude to my fellow Directors for their invaluable contributions and commitment especially in relation to our business diversification during the year.

To all key management personnel and staff members of the Group, I thank you for your devotion and diligence to your work, which will serve as the foundation and the key driving force behind the Group's business expansion plans.

Before I conclude, on behalf of the Board of Directors and myself, I would like to sincerely thank all the stakeholders and partners, including our customers and vendors, for their continued confidence and trust, and we look forward to your continued support in the years to come.

Lee Chong Yang
Chairman, Independent Director

Operations Review and Financial Highlights

RESULTS OF OPERATIONS

		Group		
		FY2017 S$'000	FY2016 S$'000 (Restated)	Change (%)
Continued operations				
Revenue				
Leasing and service income		7,637	-	n.m
Manufacturing of articles of concrete, cement and plaster		886	-	n.m
Supply and manufacturing of ready-mix concrete products		2,662	-	n.m
Total Revenue		11,185	-	n.m
Cost of sales		(7,778)	-	n.m
Gross profit		3,407	-	n.m
Bargain purchase		35,505	-	n.m
Gain on disposal of quoted securities		600	-	
Others		210	-	n.m
Other operating income		36,315	-	n.m
Administrative costs		(3,955)	(1,206)	228%
Distribution costs		(471)	-	n.m
Amortisation of intangible assets arising from contractual agreements with customers	(1)	(412)	-	n.m
Others	(2)	(13)	-	n.m
Other operating costs	(1) + (2)	(425)	-	n.m
Finance income		170	-	n.m
Finance costs		(129)	(1)	12,800%
Profit/(Loss) before income tax		34,912	(1,207)	-2,992%
Income tax expense		(176)	-	n.m
Profit/(Loss) for the year from continuing operations		34,736	(1,207)	-2,978%
Discontinued operations				
Loss for the year from discontinued operations		(5,393)	(11)	48,927%
Total profit/(loss) for the year		29,343	(1,218)	-2,509%
Other comprehensive income/(loss), net of income tax				
- exchange differences on translation of foreign operations		241	(283)	-185%
Total comprehensive profit/(loss) for the year		29,584	(1,501)	-2,070%

Operations Review and Financial Highlights

Continued operations

(1) During the financial year ended 31 December 2017 ("FY2017"), the Group has entered into contractual arrangement to dispose Toko Construction Pte Ltd and, Allied Advantage Sdn. Bhd. and its subsidiary (collectively the "Discontinued Operations"). The profit or loss arising from the Discontinued Operations has been reclassified to "Loss for the year from discontinued operations" in FY2017 and the comparative figures in FY2016 has been restated for comparative purpose.

(2) In FY2017, the revenue amounting to approximately S$11.19 million arose from the Group's continued operations, that are mainly in relation to the contracted leasing/service income, the manufacturing of articles of concrete, cement and plaster, and supply/manufacture of ready-mix concrete, precast component and related products, which arose from the subsidiaries acquired by the Group in FY2017.

(3) In FY2017, the Group's other operating income is mainly in relation to the bargain purchase amounting to approximately S$35.51 million, which arose from the acquisition of Engineering Manufacturing Services (S) Pte Ltd ("EMS") in February 2017 and the gain on disposal of quoted securities held by EMS in FY2017.

(4) Compared to FY2016, the Group's administrative expenses increased by approximately S$2.75 million, which is mainly due to the consolidation of three new subsidiaries and recording the additional administrative expenses as part of the Group's results in FY2017.

(5) The Group's other expenses is mainly in relation to the amortisation of intangible asset of S$0.41 million in FY2017.

Operations Review and **Financial Highlights**

Discontinued operations

(1) The loss for the year from discontinued operations arose from the operational activities of Toko Construction Pte. Ltd. ("Toko") and, Allied Advantage Sdn. Bhd and its subsidiary ("AASB"). The loss is mainly due to slow-down in the revenue contribution from speaker parts, iron ore trading and construction activities. Further, the Group has recognised an impairment loss to plant and equipment amounting to S$1.85 million due to the assets beings technologically obsolescence or no longer in use, an impairment loss to plant and equipment amounting to S$3.98 million due to the re-measurement of the assets being classified as held for sales at the lower of its previous carrying amount and fair value less cost to sell and an impairment loss to trade receivables amounting to S$0.30 million.

	Group		
	FY2017 S$'000	FY2016 S$'000	Change (%)
Property, plant and equipment	61,562	14,550	323
Intangible assets	2,061	-	n.m
Goodwill	2,233	685	226
Available for sale assets	150	-	n.m
Others	-	423	n.m
Non-Current Assets	66,006	15,658	321
Assets classified as held for sale	23,678	-	n.m
Inventories	90	3,518	-97
Trade and other receivables	11,711	7,162	64
Cash and bank balances	2,908	11,262	-74
Current Assets	38,387	21,942	75
Total Assets	104,393	37,600	177
Borrowings	1,574	2,089	-25
Deferred tax liabilities	10,632	1,929	451
Other liabilities	648	-	n.m
Non-Current Liabilities	12,854	4,018	220
Liabilities directly associated with assets classified as held for sale	16,142	-	n.m
Trade and other payables	6,240	8,563	-27
Borrowings	12,473	5,568	124
Current tax liabilities	1,604	-	n.m
Current Liabilities	36,459	14,131	158
Total Liabilities	49,313	18,149	171
Total Equity	55,080	19,451	184
Capital Expenditure	4,811	3,572	35

Operations Review and Financial Highlights

(1) The increase in the carrying amount of the Group's Property, Plant and Equipment ("PPE") is mainly due to the addition of a leasehold building arising from the acquisition of EMS amounting to S$63.00 million and partially offset against the transfer of PPE to "Assets classified as held for sale" amounting to approximately S$11.73 million.

(2) The increase in the Group's intangible assets is mainly due to the recognition of the fair value of the contractual rental agreements entered between a subsidiary and the external customers on the date of acquisition of the said subsidiary in FY2017.

(3) The increase in the carrying amount of the Group's goodwill is mainly due to the goodwill arising from the consolidations of W&P Corporation Pte Ltd ("WPC") and W&P Precast Pte Ltd ("WPP") (i.e. the newly acquired subsidiaries in FY2017) amounting to approximately S$2.23 million and transfer of goodwill of approximately S$0.69 million to "Assets classified as held for sale".

(4) As at 31 December 2017, "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" are in relation to assets and liabilities held by Toko and AASB respectively. Subsequent to current year, the Group completed the disposal of Toko and AASB.

(5) The decrease in the Group's cash and bank balances is mainly due to the cash outflow arising from the acquisition of EMS in FY2017 and loan to third parties of S$8.5 million in FY2017.

(6) The Group's borrowings are used mainly for working capital purpose and the Group's bond payable of S$7.0 million is in relation to the bond issued by the Group to the previous shareholder of EMS for the acquisition of EMS in FY2017.

(7) As at 31 December 2017, the deferred tax liabilities mainly arose due to the revaluation of the leasehold property held by EMS on the date of acquisition in FY2017.

(8) As at 31 December 2017, the current tax liabilities mainly arose from the net chargeable income generated by EMS for the financial year ended 31 December 2017.

(9) Compared to 31 December 2016, the increase in the Group's equity is mainly due to issuance of ordinary shares as part of the settlement of the purchase considerations of new subsidiaries, and issuance of shares arising from the exercise of warrants in FY2017.

n.m: Not meaningful

Board of Directors

LEE CHONG YANG

Chairman and Independent Director

Lee Chong Yang came on Board as our Non-Executive Chairman and Independent Director on 23 February 2018. He is also the Chairman of the Remuneration Committee. Mr Lee is the co-founder of MoovPay Global Pte. Ltd., a licensed acquirer payment platform that processes card payments for business-to-business ("**B2B**") and business-to-consumer ("**B2C**") transactions. He was also the co-founder of ICH-Gemini Pte. Ltd. whereby as a fund manager, he helped various companies to develop their full potential by providing access to international capital markets, offering optimal solutions to capital structure and finding strategic partners to maximize returns. Prior to that he was a successful private banker with UBS AG Singapore and Standard Chartered Private Bank, winning multiple awards. Mr Lee graduated from Nanyang Technological University with a Bachelor of Mechanical and Production Engineering (Honours) and has a Certificate in Private Banking from the Wealth Management Institute and a Private Banking and Wealth Management Diploma from UBS AG.

Mr Lee is due for re-election as Director at the forthcoming AGM.

YAU WOON FOONG

Executive Director

Yau Woon Foong came on board as Executive Director on 15 June 2016. He also sits on the board of all the Group's subsidiaries. He is responsible in helping the Group to diversify its existing business so as to provide the Group with new revenue streams and enhancing Shareholders' value for the Company. Prior to joining the Group, he was running a corporate services firm which provided bespoke corporate services solutions to SMEs and listed entities in Singapore and overseas. He was also formerly a director of a boutique advisory firm providing dedicated services to asset management companies in the establishment of funds and provision of fund administration services. He graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours) and started his career in banking. He is currently a Lead Independent Director of another public company listed on the SGX-ST and a member of the Singapore Institute of Directors.

Board of Directors

LAI CHOONG HON

Executive Director

Lai Choong Hon was appointed as the Executive Director on 18 January 2018. Concurrently he is also the Financial Controller of the Group and CEO of the Group's subsidiary, Engineering Manufacturing Services (S) Pte. Ltd. ("**EMS**"). He joined EMS in 2004 and as the Director of Finance, he was responsible for all finance, treasury, reporting and accounting activities in the company. He also took on various responsibilities which include tax and HR matters of the company. Prior to joining EMS, he was the Group Financial Controller of Hong Guan Technologies (S) Pte. Ltd. and General Manager of Hong Guan Systems (S) Pte. Ltd. His stint before that was as the Finance Manager of Chartered Semiconductor Manufacturing Ltd. Mr Lai is a member of The Institute of Singapore Chartered Accountants (ISCA). He obtained his degree from the Chartered Institute of Management Accountants (UK) in 1990.

Mr Lai is due for re-election as Director at the forthcoming AGM.

AMELIA VINCENT

Independent Director

Amelia Vincent joined our Company as an Independent Director and Chairman of the Audit Committee on 15 June 2016. Amelia is a reputed finance professional with over two decades of experience gained from various blue-chip multi-national companies. She is currently the Head of Finance for William Grant & Sons' Global Travel Retail project where she provides commercial finance, controls and governance support. Prior to that she was the Finance Director of Diageo for their Asia Pacific Travel Retail business unit and was in charge of strategic and commercial imperatives as well as leading the accounting, control and compliance team. Amelia has also spent 12 years in the technology industry, where she served in various roles of accounting, finance, commercial and strategic planning. She graduated from Nanyang Technological University with a Bachelor of Accountancy (Honours) in 1996 and received her CPA in 1999.

NG SER CHIANG

Independent Director

Ng Ser Chiang joined our Company as an Independent Director and Chairman of the Nominating Committee on 15 June 2016. Currently, he is a Partner of Elitaire Law LLP, an advocates and solicitors firm in Singapore. He was previously a managing partner of Hameed & Company since February 2002 and a sole-proprietor of the same company from 2004 to 2010. He graduated from the University of Wolverhampton with a Bachelor of Law in 1997 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 2000. His main area of practice is in civil and criminal litigation, corporate law as well as conveyancing. He is also a director of four other Singapore incorporated private companies.

Key Management

ERIC SEAN KOO KONG CHEW

Eric Sean Koo Kong Chew is the Executive Director of W&P Precast Pte. Ltd. and W&P Precast Sdn. Bhd. He is responsible for the overall operations, sales and administrative matters of the companies. He graduated with honours from the University of Bradford with a Bachelor Degree in Business & Management and also obtained a Graduate Diploma in Marketing in Chartered Institute of Marketing in United Kingdom (CIMUK). He is currently a grassroot leader holding a Secretary post in Jalan Besar Neighbourhood Council in Kampong Glam (JBNC).

CHUA KIM HUA

Chua Kim Hua is the Executive Director of W&P Corporation Pte. Ltd. He is responsible for the overall operations, sales and administrative matters of the company. Mr Chua has more than 36 years of management experience in the ready-mix concrete industry supplying the construction of residential and commercial buildings. He was responsible in helping the company obtaining ISO in 2011 and also the Certificate of Conformity based on the new Singapore Standards SS EN 206 in 2017.

Corporate Information

BOARD OF DIRECTORS

Lee Chong Yang (Chairman, Independent Director)
Yau Woon Foong (Executive Director)
Lai Choong Hon (Executive Director)
Amelia Vincent (Independent Director)
Ng Ser Chiang (Independent Director)

AUDIT COMMITTEE
Amelia Vincent (Chairman)
Lee Chong Yang
Ng Ser Chiang

NOMINATING COMMITTEE
Ng Ser Chiang (Chairman)
Amelia Vincent
Lee Chong Yang

REMUNERATION COMMITTEE
Lee Chong Yang (Chairman)
Amelia Vincent
Ng Ser Chiang

COMPANY SECRETARY
Leow Siew Yon

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Ng Chiou Gee Willy
(from financial year ended 31 December 2017)

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United Overseas Bank
80 Raffles Place
UOB Plaza
Singapore 048624

OCBC Bank
65 Chulia Street
OCBC Centre
Singapore 049513

Maybank
2 Battery Road
Maybank Tower
Singapore 049907

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Corporate Governance **Report**

The Board ("**Board**") of Directors ("**Directors**") of AA Group Holdings Ltd. (the "**Company**") and together with its subsidiaries (the "**Group**") is committed to maintain high standards of corporate governance. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders ("**Shareholders**") and promote investors' confidence. This report outlines the Company's corporate governance practices and structures in the financial year ended 31 December 2017 ("**FY2017**") with specific reference made to each of the principles of the Code of Corporate Governance 2012 (the "**Code**"). Any deviations from the Code are explained. The Company has complied with the principles and guidelines of the Code where appropriate.

BOARD MATTERS

The Board's Conduct of its Affairs

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

Guidelines of the Code	Corporate Governance Report
1.1 The Board's role is to: (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives; (b) establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the company's assets; (c) review management performance; (d) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; (e) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.	The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The principal functions of the Board, apart from its statutory responsibilities, are to: • set and direct the long-term vision and strategic direction of the Group; • review and approve the corporate policies, strategies, budgets and financial plans of the Company; • monitor financial performance, including approval of the half yearly financial reports of the Company; • oversee the business and affairs of the Company, establish, with the Management, the strategic and financial objectives to be implemented by the Management and monitor the performance of the Management; • approve major funding decisions, material interested party transactions and all strategic matters; • review the process of evaluating the adequacy of internal controls, risk management and compliance; • identify the key stakeholder groups and recognise how their perceptions affect the Company's reputation; • set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and • consider sustainability issues (e.g. environmental and social factors) in the formulation of its strategies. The Board presently consists of two (2) executive directors and three (3) independent directors. Together, the Board brings a wide range of business, financial and legal experience relevant to the Group. Lee Chong Yang — Chairman and Independent Director Yau Woon Foong — Executive Director Lai Choong Hon — Executive Director Amelia Vincent — Independent Director Ng Ser Chiang — Independent Director

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
1.2 All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the company.	Every Director, in the course of carrying out his/her duties, acts in good faith, provides insights and considers at all times, the interests of the Company.
1.3 The Board may delegate the authority to make decisions to any Board committee but without abdicating its responsibility. Any such delegation should be disclosed.	The Board has established specific Board Committees with its own written terms of reference to assist in efficient implementation of its functions. The actions of the committees will be monitored by the Board. These committees are the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") which operate within clearly defined terms of reference and functional procedures. Each of these committees reports its activities regularly to the Board, and their actions are reviewed by the Board.
1.4 The Board should meet regularly and as warranted by particular circumstances, as deemed appropriate by the Board members. Companies are encouraged to amend their articles of association (or other constitutive documents) to provide for telephonic and video-conference meetings. The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings, should be disclosed in the company's annual report.	The Board meets regularly on a half-yearly basis. Additional ad-hoc meetings may be held where circumstances require. The Company's constitution (the "**Constitution**") provides for meetings of the Directors to be held via telephone-conference, video-conference or similar communication equipment. The Board also approves transactions by way of written resolutions, which are circulated to the Board together with all relevant information regarding the proposed transaction. Dates of Board and Board Committees meetings are scheduled in advance in consultation with all of the Directors. A Director who is unable to attend the meeting in person is invited to participate in the meeting via telephone conference. The number of Board and Board Committee meetings and the record of attendance of each Director during FY2017 are set out in the table below:

Name	Position	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
		Numbers of meeting							
		Held	Attended	Held	Attended	Held	Attended	Held	Attended
Current Directors									
Lee Chong Yang (1)	Chairman of the Board and Independent Director	2	N/A	2	N/A	1	N/A	1	N/A
Yau Woon Foong	Executive Director	2	2	2	2*	1	1*	1	1*
Lai Choong Hon (2)	Executive Director and Financial Controller	2	1	2	1	1	N/A	1	N/A
Amelia Vincent	Independent Director	2	1	2	1	1	0	1	0
Ng Ser Chiang	Independent Director	2	2	2	2	1	1	1	1
Past Directors									
Hsieh, Kuo-Chuan @ Jaimes Hsieh (3)	Executive Chairman	2	1	2	1*	1	1*	1	1*
Tan See Leng (4)	Lead Independent Director	2	2	2	2	1	1	1	1

* By Invitation

Note:

(1) Mr Lee Chong Yang was appointed as Chairman of the Board and Independent Director with effect from 23 February 2018.

(2) Mr Lai Choong Hon was appointed as Financial Controller and Executive Director on 16 June 2017 and 18 January 2018, respectively.

(3) Mr Hsieh, Kuo-Chuan @ Jaimes Hsieh resigned as Executive Chairman on 31 January 2018.

(4) Ms Tan See Leng resigned as Lead Independent Director on 23 February 2018.

Corporate Governance **Report**

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td>1.5 Every company should prepare a document with guidelines setting forth:

(a) the matters reserved for the Board's decision; and

(b) clear directions to Management on matters that must be approved by the Board.

The types of material transactions that require Board approval under such guidelines should be disclosed in the company's annual report.</td><td>Directors are involved in the supervision of the management of the Group's operations. The Company has internal guidelines and approval limits for operational, financial and capital expenditure requirements. Under these guidelines, the matters which specifically require the Board's decision or approval are those involving:

• corporate strategy and business plan;
• investment and divestment proposals;
• funding decisions of the Group;
• nominations of Directors comprising the Board and appointment of key personnel;
• half year and full year financial results for announcements, the annual report and accounts;
• issuance of new shares;
• material acquisitions and disposal of assets; and
• all matters of strategic importance.</td></tr>
<tr><td>1.6 Incoming directors should receive comprehensive and tailored induction on joining the Board. This should include his duties as a director and how to discharge those duties as a director and how to discharge those duties, and include an orientation programme to ensure that they are familiar with the company's business and governance practices. The company should provide training for first-time director[1] in areas such as accounting, legal and industry-specific knowledge as appropriate.

It is equally important that all directors should receive regular training, particularly on relevant new laws, regulations, and changing commercial risks, from time to time.

The company should be responsible for arranging and funding the training of directors. The Board should also disclose in the company's annual report the induction, orientation and training provided to new and existing directors.</td><td>Appropriate training/briefing will be provided for new Directors who have no prior experience as Directors of a listed company in Singapore to be familiar with their duties as a Director and how to discharge such duties as a Director. All newly-appointed Directors will be given an orientation program with materials provided to help them familiarise themselves with the business and organisational structure of the Group.

To enable the Directors to gain a better understanding of the Group's business, the Directors are encouraged to request for further explanations, briefings or informal discussion on the Company's operations or business with the management.

Directors are also given opportunity to visit the Group's operational facilities and meet with management staff. Where necessary, the Directors will be updated on new legislation and/or regulations which are relevant to the Group.

As part of their continuing education, the Directors may attend relevant training seminars or informative talks, to apprise themselves of legal, financial and other regulatory developments, at the Company's expenses. The Directors are updated on amendments/requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and other statutory and regulatory requirements from time to time, to enable them to make well-informed decisions and to ensure that they are competent in carrying out their expected roles and responsibilities.

The Company is responsible for arranging and funding the training of Directors. The Company will arrange for Directors to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company also works closely with professionals to provide its Directors with updates in changes to relevant laws, regulations and accounting standards.

Ms Amelia Vincent attended Module 1: Listed Company Director Essentials: Understanding the Regulatory Environment in Singapore – What Every Director Ought to Know on 8 March 2017.</td></tr>
</table>

[1] The term "first-time director" shall refer to a director who has no prior experience as a director of a listed company.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
1.7 Upon appointment of each director, the company should provide a formal letter to the director, setting out the director's duties and obligations.	Incoming Directors will also be provided with a formal letter setting out their duties and obligations.

__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[2]. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Guidelines of the Code	Corporate Governance Report
2.1 There should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.	The Company endeavours to maintain a strong and independent element on the Board. The strong independent element on the Board enables the Management to benefit from external diverse and objective perspective of issues raised. As at 31 December 2017, the Board comprised the following Directors: ***Executive Directors*** Hsieh, Kuo-Chuan @ Jaimes Hsieh — Executive Chairman Mr Yau Woon Foong — Executive Director ***Independent Directors*** Ms Tan See Leng — Lead Independent Director Ms Amelia Vincent — Independent Director Mr Ng Ser Chiang — Independent Director As at the date of this report, the Board comprises the following Directors: ***Executive Directors*** Mr Yau Woon Foong — Executive Director Mr Lai Choong Hon — Executive Director ***Independent Directors*** Mr Lee Chong Yang — Chairman of the Board and Independent Director Ms Amelia Vincent — Independent Director Mr Ng Ser Chiang — Independent Director

2 The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
2.2 The independent directors should make up at least half of the Board where: (a) the chairman of the Board and the CEO (or equivalent) is the same person; (b) the chairman and the CEO are immediate family[3] members; (c) the chairman is part of the Management team; or (d) the chairman is not an independent director.	As the Independent Directors make up at least half of the Board during all material times, there is a strong independent element on the Board, thereby allowing the Board to exercise objective judgment independently of the Management.
2.3 An independent director is one who has no relationship with the company, its related corporations[4], its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company. The Board should identify in the company's annual report each director it considers to be independent. The Board should determine, taking into account the views of the NC, whether the director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgement. Directors should disclose to the Board any such relationship as and when it arises. The Board should state its reasons if it determines that a director is independent, notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including the following: (a) a director being employed by the company or any of its related corporations for the current or any of the past three financial years;	The NC is responsible for reviewing the independence of each Director on an annual basis. Each Independent Director is required to complete a declaration form to confirm his/her independence based on the guidelines provided in the Code. All the Board Committee meetings are chaired by the Independent Directors. The Independent Directors have confirmed that they do not have any relationship with the Company or its related corporations, its officers, its Shareholders with shareholding of at least 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company. The Board, with the concurrence of the NC, has reviewed the respective confirmations and declarations of the Independent Directors, namely Mr Lee Chong Yang, Ms Amelia Vincent and Mr Ng Ser Chiang and after taking into account their respective working experience and contributions, the Board is satisfied that each of them is independent in character and judgement. Given their independence, respective wealth of business and working experience and professionalism in carrying out their duties, the NC had found each of Mr Lee Chong Yang, Ms Amelia Vincent and Mr Ng Ser Chiang suitable to continue to act as independent directors of the Company. The Board has accepted the NC's recommendation that each of Mr Lee Chong Yang, Ms Amelia Vincent and Mr Ng Ser Chiang be considered independent. Each of Mr Lee Chong Yang, Ms Amelia Vincent and Mr Ng Ser Chiang has abstained from deliberating on their respective independence.

[3] The term "immediate family" shall have the same meaning as currently defined in the Listing Manual of the Singapore Exchange (the "Listing Manual"), i.e. the person's spouse, child, adopted child, step-child, brother, sister and parent.

[4] The term "related corporation", in relation to the company, shall have the same meaning as currently defined in the Companies Act, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
(b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee; (c) a director, or an immediate family member, accepting any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for Board service; (d) a director: (i) who, in the current or immediate past financial year, is or was; or (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organisation to which the company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments[5] aggregated over any financial year in excess of S$200,000 should generally be deemed significant;	

[5] Payments for transactions involving standard services with published rates or routine and retail transactions and relationships (for instance credit card or bank or brokerage or mortgage or insurance accounts or transactions) will not be taken into account, unless special or favourable treatment is accorded.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
(e) a director who is a 10% shareholder or an immediate family member of a 10% shareholder of the company; or (f) a director who is or has been directly associated with[6] a 10% shareholder of the company, in the current or immediate past financial year. The relationships set out above are not intended to be exhaustive, and are examples of situations which would deem a director to be not independent. If the Board wishes, in spite of the existence of one or more of these relationships, to consider the director as independent, it should disclose in full the nature of the director's relationship and bear responsibility for explaining why he should be considered independent.	
2.4 The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.	None of the Independent Directors has served on the Board beyond 9 years from the respective date of their first appointment.
2.5 The Board should examine its size, and with a view to determining the impact of the number upon effectiveness, decide on what it considers an appropriate size for the Board, which facilitates effective decision making. The Board should take into account the scope and nature of the operations of the company, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. The Board should not be so large as to be unwieldy.	The Board, through the NC, has examined its size (taking into account the scope and nature of the operations of the Company), with considerations on recommendations of the Code and is of the view that its current Board size of five Directors is an appropriate size for effective decision-making. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

[6] A director will be considered "directly associated" with a 10% shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the 10% shareholder in relation to the corporate affairs of the corporation. A director will not be considered "directly associated" with a 10% shareholder by reason only of his or her appointment having been proposed by that 10% shareholder.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
2.6 The Board and its Board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.	The NC has considered the diversity of the Board and is of the view that there is adequate relevant competence on the part of the Directors, who, as a group, carry an appropriate mix of diversity of skills and experience in accounting, finance, business, management, industry knowledge and strategic planning aspects. Details of the Board members' qualifications and experience are presented in this Annual Report under the heading "Board of Directors". Members of the Board are constantly communicating with Management to provide advice and guidance on matters affecting the affairs and business of the Group, resulting in effective management of the Group's business and operations. The Board's policy in identifying directors is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.
2.7 Non-executive directors should: (a) constructively challenge and help develop proposals on strategy; and (b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.	The Independent Directors will constructively challenge and assist in the development of proposals on strategy and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. Their views and opinions will provide alternative perspectives to the Group's business. When challenging the Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.
2.8 To facilitate a more effective check on Management, non-executive directors are encouraged to meet regularly without the presence of Management.	When necessary, the Independent Directors will have discussions among themselves without the presence of Management.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Guidelines of the Code	Corporate Governance Report
3.1 The chairman and the CEO should in principle be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of responsibilities between the chairman and the CEO should be clearly established, set out in writing and agreed by the Board. In addition, the Board should disclose the relationship between the chairman and the CEO if they are immediate family members.	Presently, there is no person holding the position of chief executive officer ("**CEO**") in the Company as the Board is of the view that the current Board composition is appropriate and effective for the purposes for which the Board's roles and responsibilities are set up. The Board is of the view that there is a strong independent element on the Board to enable exercise of objective judgment of corporate affairs of the Group by members of the Board, taking into account factors such as the number of Independent Directors on the Board, as well as the size and scope of the Group's affairs and operations.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
3.2 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. The responsibilities set out above provide guidance and should not be taken as a comprehensive list of all the duties and responsibilities of a chairman.	As at 31 December 2017, Mr Hsieh, Kuo-Chuan @ Jaimes Hsieh was the Executive Chairman of the Company. As the Chairman, he was primarily responsible for overseeing the overall management and strategic development of the Group. He scheduled Board meetings as and when required and set the agenda for the Board meetings. In addition, the Chairman is responsible in ensuring that adequate time is available for discussion of all agenda items and ensuring that the Directors receive complete, adequate and timely information, encouraging a culture of openness and constructive relations within the Board and between the Board and Management and facilitating the effective contribution of Independent Directors. As at the date of this report, Mr Lee Chong Yang was appointed as Chairman of the Board and Independent Director following the resignation of Mr Jaimes Hsieh as the Executive Chairman. Mr Lee Chong Yang has continue to undertake the role and responsibility of Chairman. He leads the Board in adhering to the Code and maintaining a high standard of corporate governance with the full support of the Directors and Management.

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Guidelines of the Code	Corporate Governance Report
3.3 Every company should appoint an independent director to be the lead independent director where: (a) the chairman and the CEO is the same person; (b) the chairman and the CEO are immediate family members; (c) the chairman is part of the management team; or (d) the chairman director is not an independent director The lead independent director (if appointed) should be available to shareholders where they have concerns and for which contact through the normal channels of the chairman, the CEO or the chief financial officer (or equivalent) (the "CFO") has failed to resolve or is inappropriate.	During FY2017, Ms Tan See Leng was the Lead Independent Director of the Company until she resigned on 23 February 2018. As the Lead Independent Director, she was available to Shareholders of the Company when they have concerns and for which contact through the normal channels of the Executive Chairman has failed to resolve or is inappropriate. Mr Lee Chong Yang was appointed as Chairman of the Board on 23 February 2018. As Mr Lee is an Independent Director, the Board is of the view that the Company is not required to appoint a lead independent director.
3.4 Led by the lead independent director, the independent directors should meet periodically without the presence of the other directors, and the lead independent director should provide feedback to the chairman after such meetings.	The Independent Directors meet among themselves where necessary and provide feedback to the Board and Management after such meetings, where appropriate.

Board Membership

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

Guidelines of the Code	Corporate Governance Report
4.1 The Board should establish a NC to make recommendations to the Board on all Board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least 3 directors, a majority of whom, including the NC chairman, should be independent. The lead independent director, if any, should be a member of the NC. The Board should disclose in the company's annual report the names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board.	As at 31 December 2017, the NC comprised the following members, who were all Independent Directors: Mr Ng Ser Chiang — Chairman Ms Amelia Vincent — Member Ms Tan See Leng — Member As at the date of this report, the NC comprises the following members, who are all Independent Directors: Mr Ng Ser Chiang — Chairman Ms Amelia Vincent — Member Mr Lee Chong Yang — Member The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
4.2 The NC should make recommendations to the Board on relevant matters relating to: (a) the review of Board succession plans for directors, in particular, the chairman and for the CEO; (b) the development of a process for evaluation of the performance of the Board, its Board committees and directors; (c) the review of training and professional development programs for the Board; and (d) the appointment and re-appointment of directors (including alternate directors, if applicable).	The principal terms of reference for the NC are: • to review nominations for the appointment and re-appointment to the Board and the various committees, having regard to the Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) including as an Independent Director; • to decide on how the Board's performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and its Board Committees, and the contribution of each individual Director; • to decide, where a Director has multiple board representations and other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Company; • to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once every three years; • to determine on an annual basis whether or not a Director is independent; • to review Board succession plans for Directors; and • to review training and professional development programmes for the Board.
Important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an independent director. All directors should be required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.	The NC is charged with the responsibility of re-nominating the Directors, having regard to each Director's contribution and performance and deciding whether or not a Director is able to and has been adequately carrying out his/her duties as a Director. The Constitution of the Company requires one-third of the Directors to retire from office at each Annual General Meeting ("**AGM**") of the Company. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years. It is also provided in the Constitution of the Company that the Directors appointed during the course of the year must retire and submit themselves for re-election at the next AGM of the Company following their appointments.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
4.3 The NC is charged with the responsibility of determining annually, and as and when circumstances require, if a director is independent, bearing in mind the circumstances set forth in guidelines 2.3 and 2.4 and any other salient factors. If the NC considers that a director who has one or more of the relationships mentioned therein can be considered independent, it shall provide its views to the Board for the Board's consideration. Conversely, the NC has the discretion to consider that a director is not independent even if he does not fall under the circumstances set forth in guideline 2.3 or guideline 2.4, and should similarly provide its views to the Board for the Board's consideration.	The NC has assessed the independence of Mr Lee Chong Yang, Ms Amelia Vincent and Mr Ng Ser Chiang, and is satisfied that there are no relationships which would deem them not to be independent. Each member of the NC shall abstain from voting on any resolutions in respect to his/her re-nomination as a Director. The NC has recommended the re-election of Mr Lai Choong Hon and Mr Lee Chong Yang, who are retiring at the forthcoming AGM pursuant to Regulation 117 of the Constitution of the Company. The Board has accepted the recommendations and the retiring Directors would be offering themselves for re-election.
4.4 When a director has multiple Board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide if a director is able to and has been adequately carrying out his duties as a director of the company, taking into consideration the director's number of listed company Board representations and other principal commitments[7]. Guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple Boards. The Board should determine the maximum number of listed company Board representations which any director may hold, and disclose this in the company's annual report.	When a Director has multiple board representations and other principal commitments, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC is satisfied that the respective Directors have been carrying out their duties appropriately. The NC has determined that as a general rule, the maximum directorship that an independent Director can hold in listed companies, whether listed in Singapore or elsewhere, is five (5) or any other number as determined by the NC on a case-by-case basis. The NC also considered, and is of the opinion, that the multiple board representations held by Directors of the Company do not impede their performance in carrying out their duties to the Company.

7 The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company Board representations and directorships and involvement in non-profit organisations. Where a director sits on the Boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
4.5 The Board should generally avoid approving the appointment of alternate directors. Alternate directors should only be appointed for limited periods in exceptional cases such as when a director has a medical emergency. If an alternate director is appointed, the alternate director should be familiar with the company affairs, and be appropriately qualified. If a person is proposed to be appointed as an alternate director to an independent director, the NC and the Board should review and conclude that the person would similarly qualify as an independent director, before his appointment as an alternate director. Alternate directors bear all the duties and responsibilities of a director.	The Company does not have alternate directors.
4.6 A description of the process for the selection, appointment and re-appointment of directors to the Board should be disclosed in the company's annual report. This should include disclosure on the search and nomination process.	When the need for a new director is identified, either to replace a retiring director or to enhance the Board's capabilities, the NC will make recommendations to the Board regarding the identification and selection of suitable candidates based on the desired qualifications, skill sets, competencies and experience, which are required to supplement the Board's existing attributes. If need be, the NC may seek assistance from external search consultants for the selection of potential candidates. Directors and Management may also put forward names of potential candidates, together with their curriculum vitae, for consideration. Thereafter, selected candidates will be recommended to the Board for approval. In recommending a Director for re-appointment to the Board, the NC considers each of their contribution including attendance and participation at Board and Board Committees meetings and the time and efforts accorded to the Group's business and affairs. Each NC member will abstain from voting on any resolution in respect of the assessment of his/her performance and contribution for re-nomination as a Director of the Company.

Corporate Governance **Report**

<table>
<tr><th>Guidelines of the Code</th><th>Corporate Governance Report</th></tr>
<tr><td>
4.7 Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its related corporations, Board committees served on (as a member or chairman), date of first appointment as a director, date of last re-appointment as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments, should be disclosed in the company's annual report.

In addition, the company's annual disclosure on corporate governance should indicate which directors are executive, non-executive or considered by the NC to be independent. The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. Such information, which should also accompany the relevant resolution, would include:

(a) any relationships including immediate family relationships between the candidate and the directors, the company or its 10% shareholders;

(b) a separate list of all current directorships in other listed companies; and

(c) details of other principal commitments.
</td><td>
Information required in respect of their academic and professional qualifications are set out at pages 8 and 9 of this Annual Report.

The dates of initial appointment and last re-election of each of the current Directors are set out below:

<table>
<tr><th>Name of Director</th><th>Position held on the Board</th><th>Date of first appointment to the Board</th><th>Date of last re-election as Director</th></tr>
<tr><td>Lee Chong Yang</td><td>Chairman of the Board and Independent Director</td><td>23 February 2018</td><td>Not applicable</td></tr>
<tr><td>Yau Woon Foong</td><td>Executive Director</td><td>15 June 2016</td><td>27 April 2017</td></tr>
<tr><td>Lai Choong Hon</td><td>Executive Director</td><td>18 January 2018</td><td>Not applicable</td></tr>
<tr><td>Amelia Vincent</td><td>Independent Director</td><td>15 June 2016</td><td>27 April 2017</td></tr>
<tr><td>Ng Ser Chiang</td><td>Independent Director</td><td>15 June 2016</td><td>27 April 2017</td></tr>
</table>
The list of directorship in other listed companies, both current and those held over the preceding 3 years, and other principal commitments for each of the current Directors are as follows:

<table>
<tr><th>Name of Director</th><th>Directorship in Other Listed Companies</th><th>Past directorships in other listed companies (preceding three years)</th><th>Details of Other Principal Commitment, if any</th></tr>
<tr><td>Lee Chong Yang</td><td>Nil</td><td>Nil</td><td>Co-Founder and Head of Regional Business Development, MoovPay Global Pte Ltd</td></tr>
<tr><td>Yau Woon Foong</td><td>Allied Technologies Limited</td><td>Sincap Group Limited</td><td>Lead Independent Director, Allied Technologies Limited</td></tr>
<tr><td>Lai Choong Hon</td><td>Nil</td><td>Nil</td><td>Chief Executive Officer, Engineering Manufacturing Services (S) Pte. Ltd.</td></tr>
<tr><td>Amelia Vincent</td><td>Nil</td><td>Nil</td><td>Head of Finance, William Grant & Sons Pte. Ltd.</td></tr>
<tr><td>Ng Ser Chiang</td><td>Nil</td><td>Nil</td><td>Partner, Elitaire Law LLP</td></tr>
</table>
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Board Performance

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

Guidelines of the Code	Corporate Governance Report
5.1 Every Board should implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and its Board committees and for assessing the contribution by the chairman and each individual director to the effectiveness of the Board. The Board should state in the company's annual report how the assessment of the Board, its Board committees and each director has been conducted.	The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which addresses the level of participation, attendance at Board and Board committees' meetings, the individual Director's functional expertise, and how the Board has enhanced long-term shareholders' value. The Board has adopted a process and objective performance criteria to be carried out by the NC annually in assessing the effectiveness of the Board as a whole and in assessing the contribution from each individual Director to the effectiveness of the Board. The Board assesses its effectiveness as a whole through the completion of an evaluation form by each individual Director on the effectiveness of the Board. The Chairman of the NC collates the results of these evaluation forms and discusses the results collectively with other Board members to address any areas for improvement and, where appropriate, approval for implementation. Such performance evaluation was conducted for the Board as a whole for FY2017, by having the Directors to complete a questionnaire and findings were analysed with a view to further enhance the effectiveness of the Board. This evaluation exercise provides an opportunity to obtain feedback from each Director on whether the Board's procedures and processes have allowed him/her to discharge his/her duties and to propose changes to enhance Board's effectiveness.
If an external facilitator has been used, the Board should disclose in the company's annual report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's annual report.	No external facilitator had been appointed by the Board for this purpose.
5.2 The NC should decide how the Board's performance may be evaluated and propose objective performance criteria. Such performance criteria, which allow for comparison with industry peers, should be approved by the Board and address how the Board has enhanced long term shareholders value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.	The performance criteria approved by the Board addresses how the Board has enhanced long term shareholders value, and are not changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such decision. An evaluation exercise was carried out for FY2017, covering the following areas – (i) Board composition; (ii) Board information; (iii) Board process; (iv) Board accountability; and (v) Standards of Conduct.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
5.3 Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for meetings of the Board and Board committees, and any other duties). The chairman should act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.	The NC has reviewed the overall performance of the Board and Board Committees in terms of their role and responsibilities and the conduct of their affairs as a whole for the financial year, and is of the view that the performance of the Board and Board Committees as a whole has been satisfactory. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director. Through the evaluation process and intensity of participation by the Directors at the Board and Board Committees meetings and their quality of contribution, the NC is satisfied that the Directors are able to continue contributing effectively and the results of the assessment has been communicated to and accepted by the Board.

Access to Information

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

Guidelines of the Code	Corporate Governance Report
6.1 Management has an obligation to supply the Board with complete, adequate information in a timely manner. Relying purely on what is volunteered by the Management is unlikely to be enough in all circumstances and further enquiries may be required if the particular director is to fulfil his duties properly. Hence, the Board should have separate and independent access to Management. Directors are entitled to request from Management and should be provided with such additional information as needed to make informed decisions. Management shall provide the same in a timely manner.	The Board is provided with timely, complete and adequate information prior to Board meetings, as and when the need arises. Where necessary, the Board shall have separate and independent access to the Company's key management (where further enquiries may be required in order for the particular Director to carry out his/her duties properly). Requests for the Company's information by the Board are dealt with by the Management promptly. The Executive Directors and Management keep the Board informed of the Group's operations and performance on an on-going basis, through updates and reports as well as through informal discussions. Prior to the meetings of the Board and/or Board Committees, Directors are provided, where appropriate, with information from Management to enable them to participate at the meetings. In addition, Board members have separate and independent access to Management and the Company Secretary.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
6.2 Information provided should include Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.	The Company recognises the importance of the flow of information for the Board to discharge its duties effectively. In FY2017, Management provided members of the Board with half-year management accounts of the Group, relevant background information relating to the matters that were discussed at the Board meetings, as well as regular updates on the financial position of the Company. Detailed board papers and related materials were sent out to the Directors before the scheduled Board meetings, as well as relevant background information relating to the matters that were discussed at the Board meetings, including the background and explanatory statements, financial statements, budgets, forecasts and progress reports of the Group's business operations, for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. Any material variance between the actual results and the budgets will be explained to the Board at the relevant time at the Board or Board Committee meetings.
6.3 Directors should have separate and independent access to the company secretary. The role of the company secretary should be clearly defined and should include responsibility for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its Board committees and between Management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required. The company secretary should attend all Board meetings.	Further, the Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and assists the Board in governance matters. The Company Secretary attends all Board and Board Committees meetings. In addition, the Company Secretary assists the Chairman in ensuring board procedures are followed as well as assist on governance matters.
6.4 The appointment and the removal of the company secretary should be a matter for the Board as a whole.	The appointment and the removal of the Company Secretary are subject to the approval of the Board.
6.5 The Board should have a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, and at the company's expense.	Each member of the Board has direct access to the Group's independent professional advisors, concerning any aspect of the Group's operations or undertakings in order to fulfil his/her duties and responsibilities. Any cost for obtaining professional advice will be borne by the Company.

Corporate Governance **Report**

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	Corporate Governance Report
7.1 The Board should establish a RC with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three directors, the majority of whom, including the RC chairman, should be independent. All of the members of the RC should be non-executive directors. This is to minimise the risk of any potential conflict of interest. The Board should disclose in the company's annual report the names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board.	As at 31 December 2017, the RC comprised entirely of Independent Directors and the members of the RC were: Ms Tan See Leng — Chairman Ms Amelia Vincent — Member Mr Ng Ser Chiang — Member As at the date of this report, the RC comprises entirely Independent Directors and the members of the RC are: Mr Lee Chong Yang — Chairman Ms Amelia Vincent — Member Mr Ng Ser Chiang — Member The duties of the RC are: • to recommend to the Board a general framework of remuneration for Board members and key management personnel; • to determine specific remuneration packages for each Director as well as for the key management personnel. The RC's recommendations are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' and senior management's fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits in kind are covered by the RC; • to determine the appropriateness of the remuneration of Non-executive Directors taking into account factors such as effort and time spent, and their responsibilities; • to review and recommend to the Board the terms of renewal of the service agreements of Executive Directors; • to consider the disclosure requirements for Directors' and key executives' remuneration as required by the SGX-ST; • to review and recommend the level and structure of remuneration to align with the long-term interest and risk policies of the Company in order to attract, retain and motivate the Directors and key management personnel; • to review the Company's obligations arising in the event of termination of the employment of Directors and key management personnel; and • to carry out such other duties as may be agreed to by the RC and the Board.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
7.2 The RC should review and recommend to the Board a general framework of remuneration for the Board and key management personnel[8]. The RC should also review and recommend to the Board the specific remuneration packages for each director as well as for the key management personnel. The RC's recommendations should be submitted for endorsement by the entire Board. The RC should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind.	The RC is established for the purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors and key management personnel. The overriding principle is that no Director should be involved in deciding his/her own remuneration. The RC recommends to the Board for endorsement, a framework of compensation that covers aspects of remuneration including Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximise shareholder value. No individual Director is involved in deciding his/her own remuneration. Independent Directors are paid Directors' fees annually on a standard fee basis.
7.3 If necessary, the RC should seek expert advice inside and/or outside the company on remuneration of all directors. The RC should ensure that existing relationships, if any, between the company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The company should also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the company.	In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors of experience and good standing. The RC has full authority to obtain external professional advice on matters relating to remuneration should the need arise. No external facilitator had been engaged by the Board for advice and remuneration matters for FY2017.
7.4 The RC should 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 should aim to be fair and avoid rewarding poor performance.	In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

[8] The term "key management personnel" shall mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

Corporate Governance **Report**

Level and Mix of Remuneration

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

Guidelines of the Code	Corporate Governance Report
8.1 A significant and appropriate proportion of executive directors and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance. Such performance-related elements of remuneration should be aligned with the interests of shareholders and promote the long-term success of the company. It should take account of the risk policies of the company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing executive directors' and key management personnel's performance.	The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the industry and comparable companies. The Company has a remuneration policy which comprises a fixed component and a variable component. The fixed component is in the form of a base salary and a variable component is inclusive of bonuses and other benefits that are linked to the performance of the Company and the individual. The remuneration of the Executive Directors and key management personnel of the Group are reviewed by the RC to ensure that the interests of the Executive Directors and key management personnel of the Group are aligned with the interests of the Shareholders and to ensure that the remuneration is commensurate with their performance and the performance of the Company.
8.2 Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC should review whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.	The Company had no long-term incentive schemes in place during FY2017.

Guidelines of the Code	Corporate Governance Report
8.3 The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised. The RC should also consider implementing schemes to encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors with the interests of shareholders.	The RC takes into consideration the level of contribution, effort and time spent, and responsibilities of each Director during its review of the non-executive Directors' remuneration. Each of the Independent Directors has an appointment letter specifying the fees that they will be receiving. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the independent non-executive Directors. The Directors' fees are subject to approval by the Shareholders at each AGM. Save for the Director's fees as disclosed, the Independent Directors do not receive any remuneration from the Company. One of the Executive Directors has a formal service agreement which does not specify any fixed terms and which can be terminated by giving six (6) months' notice. All revisions to the remuneration packages for the Directors and key management personnel are subject to the review by and approval of the Board. Directors' fees are further subject to the approval of Shareholders at the AGM. Each member of the RC will abstain from reviewing and approving his or her own remuneration and the remuneration packages of persons related to him/her.
8.4 Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.	As at the date of this report, the Company does not use contractual provisions to allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors owe fiduciary duties to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Corporate Governance **Report**

Disclosure on Remuneration

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

Guidelines of the Code	Corporate Governance Report
9.1 The company should report to the shareholders each year on the remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. This annual remuneration report should form part of, or be annexed to the company's annual report of its directors. It should be the main means through which the company reports to shareholders on remuneration matters. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO).	The RC recommends to the Board a framework of remuneration for the Board and senior management to ensure that the structure is competitive and sufficient to attract, retain and motivate the senior management to run the Group successfully in order to maximise Shareholders' value. Each of the RC members shall abstain from the decision-making process concerning his/her own remuneration. A breakdown showing the level and mix of remuneration for each of the Directors in FY2017 is set out as follows:

Remuneration Band & Name of Director	Based/ Fixed Salary	Bonus	Director's Fees	Other benefits	Total
Above S$250,000, Below S$500,000					
Yau Woon Foong	71.36%	–	23.79%	4.85%	100%
Below S$ 250,000					
Hsieh Kuo-Chuan @ Jaimes Hsieh (resigned on 31 January 2018)	95%	–	–	5%	100%
Tan See Leng (resigned on 23 February 2018)	–	–	100%	–	100%
Amelia Vincent	–	–	100%	–	100%
Ng Ser Chiang	–	–	100%	–	100%

Note:
Directors' fees are subject to the approval of the Shareholders at the forthcoming AGM.

A breakdown of the remuneration bands payable to the key management personnel (who are not Directors or the CEO) of the Company in FY2017 is as follows:

Remuneration Band & Name of Key Management Personnel	Based/ Fixed Salary	Bonus	Other benefits	Total
Below S$ 250,000				
Mr Koh Teik Huat (no longer part of Company on 31 January 2018)	90%	–	10%	100%
Ms Tan Kim Cheng (no longer part of Company on 31 January 2018)	89%	–	11%	100%
Ms Shih Wen Li (no longer part of Company on 31 January 2018)	100%	–	–	100%
Ms Tan Siew Lean (no longer part of Company on 31 January 2018)	88%	–	12%	100%
Mr Lai Choong Hon	57%	34%	9%	100%
Mr Eric Sean Koo Kong Chew	90%	–	10%	100%
Mr Chua Kim Hua	90%	–	10%	100%

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Guidelines of the Code	Corporate Governance Report
	The Company is not disclosing the full details of the remuneration of each Director and key management personnel as it is not in the best interests of the Company and its employees to disclose such details due to the sensitive nature of such information and to prevent the poaching of key executives. The annual aggregate remuneration paid to the top seven (7) key management personnel of the Company (who are not Directors or CEO) for FY2017 is equivalent to approximately S$352,551. There are no termination, retirement or post-employment benefits that are granted to the Directors and the key management personnel of the Group. The Board is of the view that the current disclosure information on remuneration matter provides sufficient overview of the remuneration policies of the Group while maintaining the confidentiality of the Directors and staff remuneration matters.
9.2 The company should fully disclose the remuneration of each individual director and the CEO on a named basis. For administrative convenience, the company may round off the disclosed figures to the nearest thousand dollars. There should be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/ fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives.	Directors and key executives' remuneration packages are a competitive advantage of the Group. The Board is aware of and supports the need for transparency. However, after deliberation and debate, the Board is of the view that full disclosure of the specific remuneration of each individual director and the key management personnel (who are not directors) is not in the best interest of the Company and therefore, Shareholders. The Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group. In view of these, the Company has chosen to make disclosure in relation thereto in bands of S$250,000 with a breakdown in percentage terms of base salary, bonus, director fees and other benefits. The Company is of the view that such disclosures would provide adequate information on the remuneration policies and practice for Directors and key management personnel. Please refer to the table on Remuneration of Directors on page 34 of this Annual Report.
9.3 The company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel.	Please refer to the table on the level of remuneration of key management personnel on page 34 of this Annual Report.

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Guidelines of the Code	Corporate Governance Report
9.4 For transparency, the annual remuneration report should disclose the details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000. The company need only show the applicable bands.	During FY2017, there were no employees whose remuneration exceeded S$50,000 who was related to a Director or CEO of the Company.
9.5 The annual remuneration report should also contain details of employee share schemes to enable their shareholders to assess the benefits and potential cost to the companies. The important terms of the share schemes should be disclosed, including the potential size of grants, methodology of valuing stock options, exercise price of options that were granted as well as outstanding, whether the exercise price was at the market or otherwise on the date of grant, market price on the date of exercise, the vesting schedule, and the justifications for the terms adopted.	The Company had no employee share schemes in place during FY2017.
9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met.	The RC makes recommendations on an appropriate framework of remuneration taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate the Directors and key management personnel. The Company advocates a performance-based remuneration system for Executive Directors and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	Corporate Governance Report
10.1 The Board's responsibility to provide a balanced and understandable assessment of the company's performance, position and prospects extends to interim and other price sensitive public reports, and reports to regulators (if required).	The Company has taken efforts to comply with Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "**Catalist Rules**") on the disclosure requirements of material information. The Board is mindful of the obligation to provide shareholders with details of all major developments that affect the Group and strives to maintain a high standard of transparency. The Board aims to provide a balanced and understandable assessment of the Group's performance, position and prospects extends to the interim and other price-sensitive public reports, and reports to regulators (if required). The Board provides Shareholders with a detailed and balanced explanation and analysis of the Company's performance, position and prospects on a half-yearly basis. This responsibility extends to reporting to regulators.
10.2 The Board should take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the securities exchange, for instance, by establishing written policies where appropriate.	The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including without limitation, the Catalist Rules. Shareholders are informed of the financial performance of the Group through half yearly and annual financial results announcements and the various disclosures and announcements made to the SGX-ST via SGXNET.
10.3 The Management should provide all members of the Board with management accounts and such explanation and information on a monthly basis and as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the company's performance, position and prospects.	The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a half-yearly basis.

Corporate Governance **Report**

Risk Management and Internal Controls

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

Guidelines of the Code	Corporate Governance Report
11.1 The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's businesses and operational activities to identify areas of significant business risks and takes appropriate measures to minimise these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The Group has also considered the various financial risks, details of which are disclosed in the notes to the accompanying audited financial statements. The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of its assets. Procedures are in place to identify major business risks and evaluate potential financial consequences, as well as for the authorisation of capital expenditures and investments. Comprehensive budgeting systems are in place to develop annual budgets covering key aspects of the business of the Group. Actual performance is compared against budgets and periodical revised forecasts for the year.
11.2 The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	The Board will, at least annually, review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by Management and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls addressing financial, operational, compliance, and information technology and risk management framework were adequate and effective as at 31 December 2017. These controls are and will be continually assessed for improvement.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's annual report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems. The Board should also comment in the company's annual report on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.	The Executive Director and the Financial Controller of the Company have given assurance to the Board that as at the end of FY2017, (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are effective. The Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's internal controls addressing financial, operational, compliance, information technology controls and risk management to which the Group is exposed in its current business environment as at 31 December 2017. However, the Board recognises that no system of internal controls can provide absolute assurances against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.
11.4 The Board may establish a separate Board risk committee or otherwise assess appropriate means to assist it in carrying out its responsibility of overseeing the company's risk management framework and policies.	Material non-compliance and internal control weaknesses noted during the audit and the recommendations of the internal and external auditors are reported to the AC. The AC reviews the internal and external auditor's comments to ensure that there are adequate internal controls in the Group.

Corporate Governance **Report**

Audit Committee

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

Guidelines of the Code	Corporate Governance Report
12.1 The AC should comprise at least three directors, the majority of whom, including the AC chairman, should be independent. All of the members of the AC should be non-executive directors. The Board should disclose in the company's annual report the names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board.	As at 31 December 2017, the AC comprised the following members, who were all Independent Directors: Ms Amelia Vincent Chairman Ms Tan See Leng Member Mr Ng Ser Chiang Member As at the date of this report, the AC comprises entirely Independent Directors and the members of the AC are: Ms Amelia Vincent Chairman Mr Ng Ser Chiang Member Mr Lee Chong Yang Member The AC's key terms of reference and duties are set out below.
12.2 The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two members, including the AC chairman, should have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.	The Board considers that the members of the AC are appropriately qualified to fulfil their responsibilities as the members bring with them invaluable managerial and professional expertise in the accounting, financial management and industry domain. Ms Amelia Vincent is the Head of Finance at William Grant and Sons Pte. Ltd. and Mr Lee Chong Yang has relevant financial management expertise and experience.
12.3 The AC should have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.	The AC is authorised to investigate any matter falling within its written terms of reference, and has full access to and co-operation of the Management. The AC has full discretion to invite any Director or key management personnel to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly. In performing its functions, the AC also reviews the assistance given by the Company's officers to the external auditors and internal auditors. Further to the above, the AC has explicit authority to investigate any matter within its terms of reference and is authorised to obtain independent professional advice. It has full access to and co-operation of the Management and reasonable resources to enable it to discharge its duties properly. It also has full discretion to invite any director or executive officer or any other person to attend its meetings. In the event that a member of the AC is interested in any matter being considered by the AC, he/she shall abstain from reviewing that particular transaction or voting on that particular resolution.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
12.4 The duties of the AC should include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties); (c) reviewing the effectiveness of the company's internal audit function; (d) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors; and (e) making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.	The AC is regulated under its written terms of reference. The principal functions of the AC include: • reviewing the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and reporting to the Board annually; • reviewing the adequacy and effectiveness of the internal audit function; • reviewing the internal and external auditors' annual audit plan; • reviewing the internal and external auditors' reports and the independence and objectivity of the external auditors; • reviewing the co-operation given by the Company's officers to the internal and external auditors; • ensuring the integrity of the financial statements of the Group before submission to the Board for approval of release of the results announcement on SGXNET; • nominating external auditors for appointment and re-appointment and approving the remuneration and terms of engagement of the external auditors; • meeting with the internal auditors and external auditors without the presence of the management at least once a year; • reviewing internal control procedures; and • reviewing and ratify all interested person transactions, if any, to ensure that they comply with the approved internal control procedures and have been conducted on an arm's length basis. Apart from the above functions, the AC commissions and reviews the findings of internal investigations into matters where there is suspicion of fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company's operational results and/or financial position.
12.5 The AC should meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of the company's management, at least annually.	The AC meets with the external auditors without the presence of the Management at least once a year. The AC also meets with the internal and external auditors to discuss the results of their examinations and their evaluations of the systems of internal accounting controls.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
12.6 The AC should review the independence of the external auditors annually and should state (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the company's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to the company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity.	The AC reviews the independence and objectivity of the external auditors annually, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate amount of audit fees paid and payable by the Group to the external auditors, Moore Stephens LLP for FY2017 was approximately S$100,000. There were no non-audit services provided by the external auditors, Moore Stephens LLP for the FY2017. The AC has recommended to the Board the nomination of Moore Stephens LLP for re-appointment as auditors of the Company at forthcoming AGM. Moore Stephens LLP and its member firms are the auditors of all the Company's Singapore incorporated subsidiaries and foreign-incorporates subsidiary. The Company is of the view that it has complied with Rule 712 and 715 of the Catalist Rules in relation to its external auditors.
12.7 The AC should review the policy and arrangements by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The existence of a whistle-blowing policy should be disclosed in the company's annual report, and procedures for raising such concerns should be publicly disclosed as appropriate.	The Company has reviewed arrangements by which the staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. In this regard, the AC has adopted a whistle-blowing policy in FY2008 and further reviewed it in FY2017 (the "**Whistle-Blowing Policy**"). The AC is tasked with overseeing the administration of the Whistle-Blowing Policy. The Whistle-Blowing Policy encourages employees and external parties to raise concerns, in confidence, about possible irregularities to the Chairman of the AC. Since the adoption of the Whistle-Blowing Policy, there were no complaints, concerns or issues received by the AC. The policy and procedures for raising any concerns is communicated to all employees of the Group during the orientation for new employees.
12.8 The Board should disclose a summary of all the AC's activities in the company's annual report. The Board should also disclose in the company's annual report measures taken by the AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.	The AC met twice in FY2017. Details of members' attendance at the meetings are set out on page 14 of the Annual Report. The meeting materials are circulated to the Directors by the Company Secretary. The Financial controller, Company Secretary, internal auditors and external auditors are invited to these meetings. Other members of the senior management are also invited as and when necessary to present the reports or clarification to the Boards. In accordance with the Catalist Rules, the AC reviewed the audit plans and audit reports for FY2017 presented by the external auditors. The AC also reviewed the half-yearly and yearly financial statements and discussed with Management, the financial controller and the external auditors regarding the significant accounting policies, judgment and estimates applied by the management in preparing the annual financial statements. Following the review and discussions, the AC then recommended to the Board for further review and approval of the audited annual financial statements. The external auditors provided regular updates and periodic briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Guidelines of the Code	Corporate Governance Report
12.9 A former partner or director of the company's existing auditing firm or auditing corporation should not act as a member of the company's AC: (a) within a period of 12 months commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for as long as he has any financial interest in the auditing firm or auditing corporation.	None of the members of the AC is a partner or director of the Company's existing auditing firm or auditing corporation.

<u>Internal Audit</u>

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

Guidelines of the Code	Corporate Governance Report
13.1 The internal auditor's primary line of reporting should be to the AC chairman although the internal auditor would also report administratively to the CEO. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The internal auditor should have unfettered access to all the company's documents, records, properties and personnel, including access to the AC.	The AC, in consultation with Management, approves the hiring, removal, evaluation and the fees of the internal auditors. The internal auditors has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal audit function of the Group was outsourced to Nexia TS Risk Advisory Pte. Ltd. in FY2017. The internal auditors report primarily to the AC Chairman although they would also report administratively to Executive Directors. The internal auditors were invited to attend the AC meetings.
13.2 The AC should ensure that the internal audit function is adequately resourced and has appropriate standing within the company. For the avoidance of doubt, the internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff.	The Board recognises the importance of maintaining a system of internal controls, procedures and processes for the Group to safeguard shareholders' investments and the Group's assets. The role of the internal auditors is to assist the AC in ensuring that the controls are adequate, effective and functioning as intended. The AC is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Company to perform its function effectively.
13.3 The internal audit function should be staffed with persons with the relevant qualifications and experience.	The AC is satisfied that the internal auditors are staffed by qualified and experienced personnel.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
13.4 The Internal Auditor should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.	The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors.
13.5 The AC should, at least annually, review the adequacy and effectiveness of the internal audit function.	The AC reviews the internal audit report including the follow-up actions taken by the Management on an annual basis to ensure the adequacy of the internal audit function. The AC also reviews and approves the annual internal audit plans.

SHAREHOLDER RIGHTS

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

Guidelines of the Code	Corporate Governance Report
14.1 Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	All Shareholders are treated fairly and equitably to facilitate their ownership rights. The Board recognises the importance of maintaining transparency and accountability to the Shareholders. The Board's policy is that all Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group. The Company believes in regular and timely communication with Shareholders as part of its organisational development to build systems and procedures. The Board is mindful of the obligation to provide Shareholders with information on all major developments that affect the Group in accordance with the Catalist Rules and the Companies Act.
14.2 Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	The Company will ensure that all Shareholders have equal opportunity to participate effectively in and vote at general meetings. The Company's general meetings are held in Singapore to provide shareholders with an opportunity to meet the Directors and the Management and vote at such general meetings. Shareholders are also informed of the voting procedures prior to the commencement of voting by poll.
14.3 Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	The Constitution of the Company allows members of the Company to appoint two proxies to attend and vote on their behalf. A relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Central Provident Fund investors of the Company's securities may attend shareholders' meetings as observers, provided that they have submitted to do so with the agent banks within the specified time frame.

COMMUNICATION OF SHAREHOLDERS

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

Guidelines of the Code	Corporate Governance Report
15.1 Companies should devise an effective investor relations policy to regularly convey pertinent information to shareholders. In disclosing information, companies should be as descriptive, detailed and forthcoming as possible, and avoid boilerplate disclosures.	The Board places great emphasis on investor relations. The Company strives to maintain a high standard of transparency and promote better investor communication. The Company believes that a high standard of disclosure is essential to raise the level of corporate governance. Interim and full year results and press releases are published on SGXNET. All information of the Company's new initiatives is first disseminated via SGXNET followed by a press release. Where there has been an inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNET, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in a newspaper within the mandatory period, which is held within four months after the close of the financial year.
15.2 Companies should disclose information on a timely basis through SGXNET and other information channels, including a well maintained and updated corporate website. Where there is inadvertent disclosure made to a select group, companies should make the same disclosure publicly to all others as promptly as possible.	Information is communicated to Shareholders on a timely basis through: • annual reports that are prepared and despatched to all Shareholders within the mandatory period; • half-yearly and full-year announcements of its financial statements on the SGXNET, other SGXNET announcements and press releases on major developments regarding the Company on the SGX website at http://www.sgx.com; • the Company's website at http://www.aagroupholdings.com at which Shareholders can access information on the Group; and • email address provided at the Company's website for Shareholders and potential investors to send their enquiries.
15.3 The Board should establish and maintain regular dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.	The Board welcomes shareholders to attend all general meetings of the Company, which represent the principal forum for dialogue and interaction between the Board, Management and the Company, and for shareholders to share their concerns and views.
15.4 The Board should state in the company's annual report the steps it has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or investors' day briefings.	General meetings are the principal forum for dialogue and interaction with shareholders. During these meetings, shareholders are given opportunities to voice their views and seek clarification to the Board on any matters relating to the Group's business and operations.

Corporate Governance **Report**

Guidelines of the Code	Corporate Governance Report
15.5 Companies are encouraged to have a policy on payment of dividends and should communicate it to shareholders. Where dividends are not paid, companies should disclose their reasons.	The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Board may deem appropriate. The Board has not declared or recommended a dividend for FY2017 in order to conserve cash for future operations and expansion of business activities in a challenging business environment.

CONDUCT OF SHAREHOLDER MEETINGS

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

Guidelines of the Code	Corporate Governance Report
16.1 Shareholders should have the opportunity to participate effectively in and to vote at general meetings of shareholders. Companies should make the appropriate provisions in their articles of association (or other constitutive documents) to allow for absentia voting at general meetings of shareholders.	All Shareholders are entitled to attend and vote at general meetings in person or by proxy. The rules including the voting procedures are set out in the notice of general meetings. At the Company's AGMs, Shareholders are given the opportunity to air their views and ask Directors or the management questions regarding the Group. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with Shareholders. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the shareholders' identities through the web is not compromised.
16.2 There should be separate resolutions at general meetings on each substantially separate issue. Companies should avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.	Resolutions are as far as possible, structured separately and may be voted upon independently. All the resolutions that are put to the vote at general meetings would be voted by way of poll. The Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages to the public via SGXNET.

Guidelines of the Code	Corporate Governance Report
16.3 All directors should attend general meetings of shareholders. In particular, the Chairman of the Board and the respective chairman of the AC, NC and RC should be present and available to address shareholders' queries at these meetings. The external auditors should also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.	The Chairman and members of the AC, NC and RC will be present at AGMs to address any questions the Shareholders may have concerning the Group. The external auditors will also be present to assist the Directors in addressing relevant queries raised by Shareholders.
16.4 Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.	The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders and responses from the Board and Management, and makes such minutes available to Shareholders upon their request.
16.5 Companies should put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. Companies are encouraged to employ electronic polling.	In line with Catalist Rule 730A, all resolutions will be voted by way of poll. The Company will announce the detailed results showing the number of votes cast for and against each resolution and the respective percentages to the Shareholders and the public. While acknowledging that voting by electronic poll is integral in the enhancement of corporate governance, the Company is concerned over the cost effectiveness to employ electronic polling.

DEALINGS IN SECURITIES

The Company has adopted policies in line with Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

The Company has adopted an internal code on dealings in securities to govern dealings in the Shares by the Directors and the key executives of the Group, Directors and management and officers of the Group, who have access to price sensitive, financial or confidential information are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half-year and full year financial results and ending on the date of the announcement of the results.

The Board confirms that for FY2017, the Company has complied with Rule 1204(19) of the Catalist Rules.

Corporate Governance **Report**

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transaction with interested persons and has procedures established for the review and approval of the Company's interested person transactions.

All interested person transactions will be documented and submitted to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Company does not have a general mandate from shareholders for recurrent interested person transactions.

There were no interested person transactions with a value of S$100,000 or more during FY2017.

MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, the Company confirms that except as disclosed under the "Directors' Statement" section in the Financial Statements and under the "Interested Person Transactions" section above, there were no material contracts and loans of the Company and its subsidiaries involving the interests of any Director, or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, which was entered into since the end of the previous financial year.

NON-SPONSOR FEE

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte. Ltd. (the "**Sponsor**").

In compliance with Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor by the Company during FY2017.

UTILISATION OF PROCEEDS FROM EXERCISE OF WARRANTS

As at the date of this report, a total of 275,526,250 Warrants had been exercised and S$3,306,315 had been received by the Group. The proceeds arising from the exercise of these Warrants may, at the discretion of the Directors, be applied towards expanding the business of the Group, financing business ventures through acquisitions and/or strategic investments and working capital. Of this amount, S$2,000,000 was utilised for business expansion through the setting up of a subsidiary and the intended businesses of such subsidiary and S$731,647 was utilised for working capital purposes.

The remaining net proceeds as at the date of this report is S$574,668. The use of proceeds is in accordance with the stated use.

CORPORATE SOCIAL RESPONSIBILITY

The Group has always placed emphasis on conducting its business in a responsible manner while adding value to its stakeholders. The Group believes that environmentally-friendly practices complement business efficiency. The Group's staff are encouraged to reduce, recycle and reuse and advocate corporate social responsibility towards the environment by incorporating these processes in our daily operations. The Group encourages the use of recycle paper in office and a lot of activities to reduce the pollution to earth and water such as oil trap controlled and schedule waste like contaminated rug and glove in our operation.

During FY2017, the Company had diversified the Group's business activities into the areas of leasing of property and provision of property related services, and manufacturing and supply of construction-related materials, and subsequently divested its core business in the manufacturing and supply of high precision cold forged loudspeaker parts, completely changing the face of the Company. The Company acknowledges that it is important to have sustainability and to implement appropriate policies and programmes in line with the requirements of SGX-ST and good practice. The Company will conduct a materiality assessment to determine current material issues affecting its new business areas and will issue its sustainability report on or before December 2018 and upload the sustainability report on SGXNET.

Corporate Governance **Report**

Disclosure on Compliance with the Code of Corporate Governance 2012

Relevant Principles or Guidelines	**Page reference in the Annual Report**
Guideline 1.3 Delegation of authority, by the Board to any Board Committee, to make decisions on certain board matters	14
Guideline 1.4 The number of meetings of the Board and Board Committees held in the year, as well as the attendance of every Board member at these meetings	14
Guideline 1.5 The type of material transactions that require Board approval under guidelines	15
Guideline 1.6 The induction, orientation and training provided to new and existing directors	15
Guideline 2.3 The Board should identify in the Company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	17
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed	N.A.
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	N.A.
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	22
Guideline 4.4 The maximum number of listed company board representations which Directors may hold should be disclosed	24
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	25
Guideline 4.7 Key information regarding Directors, including which Directors are executive, non-executive or considered by the NC to be independent	26

Corporate Governance **Report**

Relevant Principles or Guidelines	Page reference in the Annual Report
Guideline 5.1 The Board should state in the Company's Annual Report how assessment of the Board, its Board Committees and each Director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the Company or any of its Directors. This assessment process should be disclosed in the Company's Annual Report	27
Guideline 7.1 Names of the members of the RC and the key term of reference of the RC, explaining its role and the authority delegated to it by the Board	30
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the Company	31
Guideline 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	34
Guideline 9.1 Remuneration of Directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the Company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to Directors, the CEO and the top five key management personnel (who are not Directors or the CEO)	34
Guideline 9.2 Fully disclose the remuneration of each individual Director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each Director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	35
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not Directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	35
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant Director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	36

Corporate Governance **Report**

Relevant Principles or Guidelines	Page reference in the Annual Report
Guideline 9.5 Details and important terms of employee share schemes	36
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	36
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The commentary should include information needed by stakeholders to make an informed assessment of the Company's internal control and risk management systems. The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) regarding the effectiveness of the Company's risk management and internal control systems	39
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	40
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	42
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	42
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	42
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day Briefings	45
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons	46

Directors' **Statement**

For the financial year ended 31 December 2017

The directors of the Company present their statement to the members together with the audited consolidated financial statements of AA Group Holdings Ltd. (the "Company") and its subsidiaries (collectively 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 consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date; 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.

1 Directors

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

Lee Chong Yang	*Chairman and Independent Director*	(Appointed on 23 February 2018)
Yau Woon Foong	*Executive Director*	
Lai Choong Hon	*Executive Director*	(Appointed on 18 January 2018)
Amelia Vincent	*Independent Director*	
Ng Ser Chiang	*Independent Director*	

2 Arrangements to Enable Directors to Acquire Shares or 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 or debentures of the Company or any other body corporate.

3 Directors' Interests in Share and Debentures

The following director has, 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 the name of director		***Holdings in which a director is deemed to have an interest***	
	At 1.1.17/ At date of appointment	**At 31.12.17**	**At 1.1.17/ At date of appointment**	**At 31.12.17**
The Company				
No. of ordinary shares				
Lai Choong Hon*	21,000,000	21,000,000	–	–

* A director of a wholly owned subsidiary of the Company and appointed as a director of the Company on 18 January 2018

There was no change in the above-mentioned director's interest between the end of the financial year and 21 January 2018.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares 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.

4 Share Options

Options Granted

During the financial year, no share options to take up unissued shares of the Company or any corporation in the Group were granted.

Options Exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of options to take up unissued shares.

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 Warrants

On 21 December 2016, the Company issued 962,762,010 unlisted warrants on the basis of 10 (ten) rights cum warrants for every 1 (one) existing ordinary shares held in the capital of the Company. Each warrant entitles the holder to subscribe for 1 (one) new ordinary share in the Company at the exercise price of S$0.012 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company.

At the end of the financial year, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants outstanding at 1/1/2017	Warrants exercised	Warrants expired	Warrants outstanding at 31/12/2017	Date of expiry
21/12/2016	962,762,010	(273,980,250)	–	688,781,760	20/12/2019

As at the end of the financial year, except as disclosed above, no other warrants to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of warrants to take up unissued shares of the Company. Except for the above outstanding warrants, no other options to take up unissued shares of the Company were outstanding as at the end of the financial year.

Directors' **Statement**

For the financial year ended 31 December 2017

6 Audit Committee

The Audit Committee ("AC") comprises the following independent directors at the date of this statement:

Amelia Vincent (Chairman)
Lee Chong Yang
Ng Ser Chiang

The duties of the AC, amongst other things, include:

(i) review the audit plans of the internal and external auditors of the Company and reviewed the internal auditor's evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

(ii) review the half-yearly financial information and annual financial statements and the auditors' report on the annual financial statements of the Group before their submission to the Board of Directors (the "Board");

(iii) review the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(iv) meet with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

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

(vi) review the cost effectiveness and the independence and objectivity of the external auditors, and the nature and extent of non-audit services provided by the external auditors;

(vii) recommend to the Board the external auditors to be nominated, and review the scope and results of the audit;

(viii) report actions and minutes of the AC to the Board with such recommendations as the AC considered appropriate;

(ix) review interested persons transactions in accordance with the requirements of the SGX-ST Listing Manual; and

(x) undertake such other functions and duties as may be agreed to by the AC and the Board.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Code of Corporate Governance and the SGX-ST Listing Manual and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC has also undertaken a review of the nature and extent of non-audit services provided by the external auditors, and was of the opinion that there were no non-audit services rendered that would affect the independence of the external auditors.

Further information regarding the AC are detailed in the Corporate Governance Report included in the Annual Report of the Company.

The AC has recommended to the Board that the independent auditors, Moore Stephens LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' **Statement**

For the financial year ended 31 December 2017

7 Independent Auditors

The auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

....
Yau Woon Foong
Director

....
Lai Choong Hon
Director

Singapore
8 May 2018

Independent Auditors' Report to the Members of **AA Group Holdings Ltd.**

(Incorporated in Singapore)

31 December 2017

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AA Group Holdings Ltd. (the "Company") and its subsidiaries (collectively 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 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.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditors' Report to the Members of AA Group Holdings Ltd.

(Incorporated in Singapore)
31 December 2017

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
Bargain purchase from acquisition of Engineering Manufacturing Services (S) Pte Ltd ("EMS") Group On 20 February 2017, the Group completed the acquisition of 100% equity interest in EMS Group for a total consideration of S$25,000,000 as disclosed in Note 17 to the financial statements. Management has accounted for the acquisition as acquisition of business in accordance with FRS 103 *Business Combinations*. The accounting for this acquisition involved significant management judgements relating to the identification and measurement of the components of the business combination (i.e. assets acquired, liabilities assumed, consideration transferred and the gain on bargain purchase). Management has also engaged external valuation specialists to assist them with the allocation of purchase consideration to the identified acquired assets and liabilities, and the measurement of their respective fair values at acquisition date. The most significant assets of EMS Group acquired were leasehold properties and the identifiable intangible assets for customer contracts. For these reasons, we have determined this to be a key audit matter. As a result of the acquisition accounting, the Group recognised a bargain purchase from acquisition of S$35,505,457 under "other income" line item in the Group's consolidated statement of comprehensive income.	Our audit procedures included, amongst others, obtaining the purchase agreement and reviewing the key terms to gain an understanding of the transaction. We evaluated and assessed the identification of the assets acquired and liabilities assumed, and ascertaining their fair values, particularly in relation to the valuation of leasehold properties and the identifiable intangible assets for customer contracts performed by management's external valuation specialists. We assessed the qualification, competency, objectivity of these valuation specialists. We also tested the measurement of the fair values of the acquired leasehold properties and identifiable intangible assets for customer contracts by reviewing the valuation methodologies and key assumptions used by management and their external valuation specialists. We also assessed the adequacy and appropriateness of the Group's disclosure in Note 17 to the financial statements regarding the details of the acquisition of EMS Group.
Impairment of goodwill The Group has goodwill that arose from various acquisitions with an aggregate carrying amount of S$2,232,625 as at 31 December 2017. The goodwill has been allocated to the relevant cash generating unit ("CGUs") under the respective operating segments as disclosed in Note 15 to the financial statements. As part of its annual impairment testing, management prepares value in use calculations ("VIU") to arrive at the recoverable amount of each CGU. These VIUs are based on cash flow forecasts of the CGUs, the preparation of which requires management to use assumptions and estimates relating to budgeted growth margin, revenue growth rate, perpetual growth rate and discount rate of each CGU, which are inherently subjective. For these reasons, we have determined this to be a key audit matter. The Group's accounting policies on impairment of goodwill is disclosed in Note 2(e) to the financial statements. The critical accounting estimates and judgements made in arriving at the assumptions used in the preparation of the cash flow forecasts by management are disclosed in Note 2(c)(v) to the financial statements.	Our audit procedures included, amongst others, evaluating management's assumptions applied in the cash flow forecasts taking into consideration our knowledge of the CGUs' operations, performance and industry benchmarks. We also obtained an understanding of management's planned strategies on revenue growth and cost initiatives for these CGUs. We tested the robustness of management's forecast by comparing previous forecasts to actual results. In addition, we also validated key inputs used in the discounted cash flow forecasts, such as growth rates and discount rates, to historical data and external market data to assess the reasonableness of management's forecasts. We tested management's sensitivity analysis of the recoverable amounts of the CGUs based on changes to the key assumptions used in the cash flow forecasts. We also checked the mathematical accuracy of the underlying calculations. We also assessed the adequacy and appropriateness of the Group's disclosure on the impairment testing of goodwill in Note 15 to the financial statements.

Independent Auditors' Report to the Members of **AA Group Holdings Ltd.**

(Incorporated in Singapore)
31 December 2017

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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 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.

Independent Auditors' Report to the Members of **AA Group Holdings Ltd.**

(Incorporated in Singapore)
31 December 2017

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:

- 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.

- 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 Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern.

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

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

Independent Auditors' Report to the Members of **AA Group Holdings Ltd.**

(Incorporated in Singapore)
31 December 2017

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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.

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ng Chiou Gee Willy.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
8 May 2018

Consolidated Statement of **Comprehensive Income**

For the financial year ended 31 December 2017

	Note	Group 2017 S$	Group 2016 S$ (Restated)
Continuing operations			
Revenue	3	11,184,931	–
Cost of sales and services		(7,778,339)	–
Gross profit		3,406,592	–
Other income	4	36,314,848	–
Distribution costs		(470,848)	–
Administrative expenses		(3,955,667)	(1,206,457)
Other operating expenses		(424,855)	–
Finance income	5	169,824	–
Finance costs	6	(128,747)	(603)
Profit/(Loss) before income tax	7	34,911,147	(1,207,060)
Income tax	9	(175,629)	–
Profit/(Loss) for the year from continuing operations		34,735,518	(1,207,060)
Discontinued operations			
Loss for the year from discontinued operations	10	(5,392,700)	(10,573)
Total profit/(loss) for the year		29,342,818	(1,217,633)
Other comprehensive profit/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation		240,829	(282,825)
Total comprehensive income/(loss) for the year		29,583,647	(1,500,458)
Total profit/(loss) for the year attributable to:			
Equity holders of the Company		29,347,028	(1,217,633)
Non-controlling interests		(4,210)	–
		29,342,818	(1,217,633)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		29,587,857	(1,500,458)
Non-controlling interests		(4,210)	–
		29,583,647	(1,500,458)

The accompanying notes form an integral part of the financial statements

Consolidated Statement of **Comprehensive Income**

For the financial year ended 31 December 2017

	Note	Group 2017 S$	Group 2016 S$ (Restated)
Earnings/(Loss) per share from continuing and discontinued operations attributable to equity holders of the Company:			
- Basic (cents per share)	11	2.22	(0.59)
- Diluted (cents per share)	11	1.69	(0.53)
Earnings/(Loss) per share from continuing operations attributable to equity holders of the Company:			
- Basic (cents per share)	11	2.63	(0.59)
- Diluted (cents per share)	11	2.01	(0.52)
Loss per share from discontinued operations attributable to equity holders of the Company:			
- Basic (cents per share)	11	(0.41)	*
- Diluted (cents per share)	11	(0.32)	(0.01)

* Loss per share is 0.0051 cents

The accompanying notes form an integral part of the financial statements

Statements of Financial Position

As at 31 December 2017

	Note	Group 2017 S$	Group 2016 S$	Company 2017 S$	Company 2016 S$
ASSETS					
Non-current assets					
Property, plant and equipment	12	61,561,745	14,550,138	–	–
Prepaid land leases	13	–	422,391	–	–
Intangible assets	14	2,061,284	–	–	–
Goodwill	15	2,232,625	685,258	–	–
Financial assets, available-for-sale	16	150,000	–	–	–
Investments in subsidiaries	17	–	–	27,700,002	11,064,510
		66,005,654	15,657,787	27,700,002	11,064,510
Current assets					
Inventories	18	90,444	3,517,818	–	–
Trade and other receivables	19	11,526,053	6,201,347	2,318,421	–
Other current assets	20	184,896	961,343	6,217	21,260
Cash and bank balances	21	2,907,942	11,262,075	562,493	9,410,623
		14,709,335	21,942,583	2,887,131	9,431,883
Assets directly related to disposal group classified as held for sale	22	23,678,107	–	7,000,000	–
		38,387,442	21,942,583	9,887,131	9,431,883
Total assets		104,393,096	37,600,370	37,587,133	20,496,393
EQUITY AND LIABILITIES					
Share capital and reserves					
Share capital	23	28,131,289	22,143,526	28,131,289	22,143,526
Reserves	24	26,895,325	(2,692,532)	(9,440,753)	(2,892,070)
		55,026,614	19,450,994	18,690,536	19,251,456
Non-controlling interests		52,896	–	–	–
Total equity		55,079,510	19,450,994	18,690,536	19,251,456
Non-current liabilities					
Bank borrowings	25	1,533,212	660,295	–	–
Hire purchase creditors	26	41,004	1,428,862	–	–
Deferred tax liabilities	27	10,631,741	1,929,295	–	–
Other liabilities	28	648,360	–	–	–
		12,854,317	4,018,452	–	–
Current liabilities					
Trade and other payables	28	6,239,747	8,562,749	11,356,944	1,244,937
Bond payable	29	7,000,000	–	7,000,000	–
Bank borrowings	25	5,297,622	4,371,603	–	–
Hire purchase creditors	26	175,447	1,196,572	–	–
Provision for income tax		1,604,332	–	–	–
		20,317,148	14,130,924	18,356,944	1,244,937
Liabilities directly related to disposal group classified as held for sale	22	16,142,121	–	539,653	–
		36,459,269	14,130,924	18,896,597	1,244,937
Total liabilities		49,313,586	18,149,376	18,896,597	1,244,937
Total equity and liabilities		104,393,096	37,600,370	37,587,133	20,496,393

The accompanying notes form an integral part of the financial statements

Consolidated Statement of **Changes in Equity**

For the financial year ended 31 December 2017

	Note	Attributable to equity holders of the Company						
		Share capital S$	Merger reserve S$	Translation reserve S$	Retained earnings S$	Total S$	Non-controlling interests S$	Total S$
Group								
Balance at 1 January 2017		22,143,526	(6,478,399)	(4,717,138)	8,503,005	19,450,994	–	19,450,994
Issue of ordinary shares	23	5,987,763	–	–	–	5,987,763	–	5,987,763
Acquisition of subsidiaries	17	–	–	–	–	–	57,106	57,106
Profit/(Loss) for the year		–	–	–	29,347,028	29,347,028	(4,210)	29,342,818
Other comprehensive income, net of tax:								
Exchange differences on translation		–	–	240,829	–	240,829	–	240,829
Total comprehensive income/(loss) for the year		–	–	240,829	29,347,028	29,587,857	(4,210)	29,583,647
Balance at 31 December 2017		28,131,289	(6,478,399)	(4,476,309)	37,850,033	55,026,614	52,896	55,079,510
Balance at 1 January 2016		12,515,906	(6,478,399)	(4,434,313)	9,720,638	11,323,832	–	11,323,832
Issue of ordinary shares		9,627,620	–	–	–	9,627,620	–	9,627,620
Loss for the year		–	–	–	(1,217,633)	(1,217,633)	–	(1,217,633)
Other comprehensive loss, net of tax:								
Exchange differences on translation		–	–	(282,825)	–	(282,825)	–	(282,825)
Total comprehensive loss for the year		–	–	(282,825)	(1,217,633)	(1,500,458)	–	(1,500,458)
Balance at 31 December 2016		22,143,526	(6,478,399)	(4,717,138)	8,503,005	19,450,994	–	19,450,994

The accompanying notes form an integral part of the 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 Operating Activities			
Profit/(Loss) for the year		29,342,818	(1,217,633)
Adjustments for:			
Income tax recognised in profit or loss		(191,413)	38,348
Depreciation of property, plant and equipment		4,664,990	1,685,511
Amortisation of intangible assets		412,257	–
Bargain purchase arising from acquisition of a subsidiary	4	(35,505,457)	–
Amortisation of prepaid land leases		9,438	9,798
Impairment of property, plant and equipment	12(e)	1,851,280	177,932
Impairment of property, plant and equipment as fair value adjustment on assets classified as held for sale	12(e)	3,982,545	–
Gain on disposal of financial assets, available-for-sale		(600,000)	–
Gain on disposal of property, plant and equipment		(354)	(161)
Property, plant and equipment written off		–	14,545
Net foreign exchange loss/(gain) – unrealised		45,566	(280,375)
Allowance for impairment of trade receivables		440,836	–
Inventories written down		35,791	15,275
Interest income		(169,824)	–
Interest expense		616,031	468,497
Operating cash flows before changes in working capital		4,934,504	911,737
Changes in working capital:			
Inventories		189,166	(48,132)
Trade and other receivables and other current assets		292,313	(1,085,968)
Trade and other payables		179,736	2,090,013
Cash generated from operations		5,595,719	1,867,650
Interest received		80,003	–
Interest paid		(596,044)	(468,497)
Income tax paid		(58,227)	(44,243)
Income tax refund		22,000	3,050
Net cash generated from operating activities		5,043,451	1,357,960
Cash Flows from Investing Activities			
Refundable deposit from third party		–	500,000
Purchase of property, plant and equipment	12(a)	(2,195,334)	(538,876)
Net cash outflow on acquisition of subsidiaries	17	(5,706,795)	(321,936)
Loans receivable due from third party companies	19	(8,589,821)	–
Proceeds from disposal of property, plant and equipment		134,952	12,513
Placement of fixed deposits with licensed banks		–	(3,181)
Net cash used in investing activities		(16,356,998)	(351,480)
Cash Flows from Financing Activities			
Proceeds from money market loan		4,500,000	–
(Repayment to)/Loans from shareholders		(1,730,000)	500,000
Proceeds from bill payables		14,636,442	16,457,054
Repayment of bills payables		(14,375,627)	(16,987,031)
Repayment of hire purchase creditors		(1,803,252)	(1,510,217)
Repayment of term loans		(665,428)	(88,812)
Proceeds from issue of ordinary shares	23	3,287,763	9,627,620
Net advances (to)/from directors		(13,372)	144,926
Net cash generated from financing activities		3,836,526	8,143,540
Net (decrease)/increase in cash and cash equivalents		(7,477,021)	9,150,020
Cash and cash equivalents at the beginning of the year		10,384,274	1,257,765
Effect of exchange rate changes on the balance of cash held in foreign currencies		689	(23,511)
Cash and cash equivalents at the end of the year	21	2,907,942	10,384,274

The accompanying notes form an integral part of the 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 financial statements:

1 General

AA Group Holdings Ltd. (the "Company") is a public limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered address of the Company is 7 Kim Yam Road, Singapore 239323 and its principal place of business is located at 60 Benoi Road #03-02, Singapore 629906.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 17.

The financial statements for the financial year ended 31 December 2017 were approved and authorised for issue by the Board of Directors of the Company in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Financial Reporting Standards in Singapore ("FRS"). These financial statements have been prepared on the historical cost basis, except as disclosed in the summary of accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the reporting date, and the reported amounts of revenues and expenses during the relevant reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in Note 2(c).

(b) New/Revised FRS

Application of New/Revised FRS that are effective

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new/revised standards mandatorily effective for the said year and relevant to the Group:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require new disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities in respect of:

(a) changes from financing cash flows;
(b) changes arising from obtaining or losing control of subsidiaries or other businesses;
(c) the effect of changes in foreign exchange rates;
(d) changes in fair values; and
(e) other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. Comparatives are not required in the first year of adoption.

2 Significant Accounting Policies (cont'd)

(b) New/Revised FRS (cont'd)

As this is a disclosure requirement, the application of the amendments has had no impact on the financial performance or financial position of the Group and the Company. The above required information where material has been set out in Notes 25, 26 and 28.

Amendments to FRS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

The application of the amendments has had no impact on the financial performance or financial position of the Group and the Company.

New/Revised FRS in issue but not yet effective

At the date of these financial statements, the following new/revised standards that are relevant to the Group have been issued but are not yet effective:

		Effective for annual financial periods beginning on or after
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 116	*Leases*	1 January 2019
Improvements to FRSs (March 2018)		
- Amendments to FRS 103	*Business Combinations*	1 January 2019
- Amendments to FRS 12	*Income Taxes*	1 January 2019
- Amendments to FRS 23	*Borrowing Costs*	1 January 2019

Consequential amendments were also made to various standards as a result of these new/revised standards.

Except for FRS 109, FRS 115 and FRS 116 described below, the Group does not expect the adoption/application of the other new/revised standards above in future periods to have a significant impact on the financial statements in the period of their initial application.

Notes to the
Financial Statements

For the financial year ended 31 December 2017

2 Significant Accounting Policies (cont'd)

(b) New/Revised FRS (cont'd)

New/Revised FRS in issue but not yet effective (cont'd)

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 Financial Instruments: Recognition and Measurement. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies. FRS 109 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is generally required, except that hedge accounting requirements are, with limited exemptions, applied prospectively. Comparative information need not be restated.

Based on the Group's initial assessment, the Group does not expect the adoption of FRS 109 to have a significant impact on the financial statements except for the application of the expected credit loss model of FRS 109 may increase the amount of loss allowance recognised, but the Group does not expect any addition credit losses to be significant. The assessment performed by the Group is only preliminary and therefore may be subject to changes arising from a more detailed ongoing analysis on adoption of FRS 109.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 *Revenue* and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018.

Based on the Group's initial assessment, the Group does not expect the adoption of FRS 115 to have a significant impact on the financial statements. The Group has assessed that the timing of revenue recognition for the Group's major sources of revenue (i.e. sale of goods, rendering of services and leases) under FRS 115 are not expected to differ materially from current practices. The assessment performed by the Group is only preliminary and therefore may be subject to changes arising from a more detailed ongoing analysis on adoption of FRS 115.

2 Significant Accounting Policies (cont'd)

(b) New/Revised FRS (cont'd)

New/Revised FRS in issue but not yet effective (cont'd)

FRS 116 *Leases*

FRS 116 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than twelve months, except where the underlying asset is of low value. The right-of use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116.

The Group has entered into non-cancellable operating lease agreements, which may be required to be recognised as ROU (right of use) assets with corresponding lease liabilities in respect of some of those commitments under the new standard. The Group plans to adopt FRS 116 when it becomes effective in 2019 and will perform a more in-depth analysis of the quantitative effects prior to the adoption.

Convergence with International Financial Reporting Standard

Singapore-incorporated companies listed on the Singapore Exchange (SGX) are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SFRS(I) in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SFRS(I) *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SFRS(I) 9 *Financial Instruments*, SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 16 *Leases* will be similar to adopting FRS equivalents as described above.

Other than the adoption of the new/revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework. The Group is currently conducting a detailed analysis of the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SFRS(I) 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the 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.

2 Significant Accounting Policies (cont'd)

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below:

i. Impairment of trade receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Where there is an objective evidence of impairment, the recoverable amount is estimated based on historical loss experience for assets with similar credit risk characteristics.

Allowance for impairment loss of trade receivables amounted to S$440,836 (2016: Nil) was recognised in the profit or loss of the Group for the current financial year. The carrying amount of the Group's trade receivables as at 31 December 2017 is disclosed in Note 19.

ii. Impairment of loans receivable

The Group assesses at the end of each reporting period whether there is any objective evidence that loans receivable due from third party companies are impaired. Factors such as significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Management's assessment also include, amongst others, the expected future financial condition and the ability of future receipts from the debtors. Where there is an objective evidence of impairment, management judges whether an impairment loss should be recorded against the loans receivable.

No allowance for impairment loss of loans receivable was recognised in the profit or loss of the Group for the current financial year (2016: Nil). The carrying amount of the Group's loans receivable due from third party companies is disclosed in Note 19.

iii. Fair value estimation on business combinations

The fair value measurement of assets and liabilities acquired with business combinations is determined by management at the date of acquisition using the acquisition method whereby identifiable assets acquired and liabilities assumed are measured at fair value at the date on which control is gained. Significant management judgements are involved in determining fair value measurement of the assets acquired and liabilities assumed, particularly in relation to the valuation of properties and the identification and valuation of intangible assets and assignment of their useful lives. Management has also engaged external valuation specialists to assist them with the allocation of purchase consideration to the identified acquired assets and liabilities, and the measurement of their respective fair values at acquisition dates, where necessary.

Details of business combinations carried out by the Group in the current financial year are disclosed in Note 17.

2 Significant Accounting Policies (cont'd)

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (cont'd)

Key sources of estimation uncertainty

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

iv. Useful lives of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of the leasehold properties to be within 22 to 55 years and 1 to 15 years for other assets. Changes in the expected level of usage and technological development could impact the economic useful life of these assets, therefore future depreciation charges could be revised.

A 10% difference in the expected useful lives of the property, plant and equipment from management's estimates would result in an approximately 2% (2016: 14%) variance to the Group's profit/(loss) for the year.

v. Impairment of goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. The recoverable amount of the cash generating unit (CGU) to which goodwill has been allocated is based on value in use (VIU) calculation. VIU is based on cash flow forecast, the preparation of which requires management to use assumptions and estimates relating budgeted growth margin, revenue growth rate, perpetual growth rate and discount rate of each CGU. Changes to the assumptions and estimates used could result in changes in the carrying amount of the goodwill.

The carrying amount of the goodwill as at 31 December 2017 and further details on the impairment testing of goodwill including management's sensitivity analysis are disclosed in Note 15.

vi. Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance and financial position and the overall economic environment.

Allowance for impairment loss of investments in subsidiaries amounted to S$4,064,509 (2016: Nil) was recognised for the current financial year. The carrying amount of the investments in subsidiaries as at 31 December 2017 is disclosed in Note 17.

Notes to the **Financial Statements**

For the financial year ended 31 December 2017

2 **Significant Accounting Policies** (cont'd)

(d) Group Accounting

Subsidiaries

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 that control ceases.

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of 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 fair value of the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 **Significant Accounting Policies** (cont'd)

(d) Group Accounting (cont'd)

Subsidiaries (cont'd)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

(e) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated, from the acquisition date, to each of the Group's cash generating units (CGU) or groups of CGU, that are expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value in use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a cash generating unit and part of the operation within that cash generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Notes to the
Financial Statements

For the financial year ended 31 December 2017

2 **Significant Accounting Policies** (cont'd)

(f) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore Dollar ("S$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which the case income and expenses are translating using the exchange rates at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2 Significant Accounting Policies (cont'd)

(f) Foreign Currencies (cont'd)

Translation of Group entities' financial statements (cont'd)

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(g) Property, Plant and Equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure related to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is recognised so as to write off the depreciable amounts of the assets over their estimated useful lives, using the straight-line method:

Leasehold properties	22 to 50 years
Electrical and installation	10 years
General tools and moulds	10 years
Renovation	10 years
Plant and machinery	4 to 15 years
Furniture, fittings and equipment	1 to 10 years
Motor vehicles	5 to 10 years

Assets held under hire purchase are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant hire purchase.

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

The residual value, useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision are recognised in profit or loss when the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the **Financial Statements**

For the financial year ended 31 December 2017

2 **Significant Accounting Policies** (cont'd)

(h) Prepaid Land Leases

Prepaid land leases are stated at cost less accumulated amortisation and accumulated impairment losses. The prepaid land leases are amortised on a straight-line method over the term of the land leases of 49 to 99 years. The amortisation period and method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision are recognised in profit or loss when the changes arise.

(i) Other Intangible Assets

Intangible assets acquired separately are measured initially at cost or acquired in a business combination are identified and recognised separately from goodwill at their fair value at the acquisition date. Intangible assets are subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

The carrying amounts of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The useful life and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision are recognised in profit or loss when the changes arise.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognised.

The Group's finite intangible assets comprise Customer Contracts.

(j) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company. On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(k) Impairment of Non-Financial Assets Excluding Goodwill

Non-financial assets (including finite intangible assets) other than goodwill are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

2 Significant Accounting Policies (cont'd)

(k) Impairment of Non-Financial Assets Excluding Goodwill (cont'd)

Recoverable amount is the higher of fair value less costs of disposal 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 (or cash generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(l) Financial Assets

Classification

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

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "other current assets" and "cash and bank balances" on the statement of financial position.

ii. Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within twelve months after the reporting period.

Notes to the **Financial Statements**

For the financial year ended 31 December 2017

2 Significant Accounting Policies (cont'd)

(l) Financial Assets (cont'd)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

Initial and subsequent measurements

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets, available-for-sale are subsequently carried at fair value.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income.

Gains and losses arising from changes in fair value of available-for-sale debt investments are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised directly in profit or loss. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences, with the exception of impairment losses. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

For financial assets, available-for-sale that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are stated at cost less impairment losses subsequent to initial recognition.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

2 Significant Accounting Policies (cont'd)

(l) Financial Assets (cont'd)

Initial and subsequent measurements (cont'd)

i. Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

ii. Financial assets, available-for-sale

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that an available-for-sale equity investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on available-for-sale equity investment are not reversed through profit or loss.

For financial assets, available-for-sale that are carried at cost, the amount of the impairment loss is measured as the difference between the equity security's carrying amount and the present value of the estimated cash flows discounted at the current market return for a similar financial asset. The impairment losses recognised as an expense on equity security are not reversed.

(m) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially measured at fair value, plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are presented as "trade and other payables", "bond payable", "bank borrowings" and "hire purchase creditors" on the statement of financial position.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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Financial Statements

For the financial year ended 31 December 2017

2 Significant Accounting Policies (cont'd)

(n) Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads but excludes borrowing costs. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Allowance is made for obsolete, slow moving and defective inventories.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, fixed deposits, bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. These also include bank overdrafts that form an integral part of the Group's cash management. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents defined above less pledged fixed deposits.

(q) 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(r) Assets under Hire Purchase Arrangements

Where assets are financed by hire purchase arrangements that give rights approximating to ownership, the assets are capitalised under plant and equipment as if they had been purchased outright at the values equivalent to the present value of the total rental payable during the years of the hire purchase and the corresponding hire purchase commitments are recorded as liabilities. The excess of the hire purchase payments over the recorded hire purchase obligations is treated as finance charges, which are allocated over each hire purchase term to give a constant rate of interest on the outstanding balance at the end of each year. Hire purchase payments are treated as consisting of capital and interest elements and the interest is charged to profit or loss. Depreciation on the relevant assets is charged to profit or loss on the basis stated in Note 2(g).

(s) Share Capital

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

(t) Dividends to Company's Shareholders

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved for payment by the shareholders.

2 Significant Accounting Policies (cont'd)

(u) Financial Guarantees

Financial guarantees are contracts that require the issuer to reimburse the holder for a loss it incurs because a specified debtor fails to make principal or interest payments when due in accordance with the terms of the debtor's borrowings.

Financial guarantees are measured initially at their fair values and, if not designated as "fair value through profit and loss", are subsequently measured at the higher of:

a. the amount of the obligation under the contract, as determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
b. the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Financial guarantees are initially recognised at their fair values plus transaction costs in the issuer's statement of financial position. Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position. Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

(v) Revenue Recognition

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business, net of goods and services/value-added tax, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods

Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Rendering of services

Service income from inventory management, warehousing and storage is recognised in the period in which the services are rendered.

Rental income

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term as set out in the specific lease agreement.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

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For the financial year ended 31 December 2017

2 Significant Accounting Policies (cont'd)

(w) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowings of funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision for the estimated liability for annual leave is recognised for services rendered by employees up to the reporting date.

(y) Operating Leases

When the Group is lessor

Leases of warehouses and office premises where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Leasing income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Contingent rents are recognised as income in profit or loss when earned.

When the Group is lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (when the Group is a lessee) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

(z) Income Tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group'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 Significant Accounting Policies (cont'd)

(z) Income Tax (cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

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2 Significant Accounting Policies (cont'd)

(z) Income Tax (cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised as income or an expense in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

(aa) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management whose members are responsible for allocating resources and assessing performance of the operating segments.

(bb) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the "reporting entity").

a. A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;

ii. has significant influence over the reporting entity; or

iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

iii. both entities are joint ventures of the same third party;

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

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

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

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

2 Significant Accounting Policies (cont'd)

(cc) Disposal Group Held for Sale and Discontinued Operations

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less cost to sell.

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and;

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When a component of an entity qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

3 Revenue

	Group	
	2017	**2016**
	S$	**S$**
		(Restated)
Rental income	4,203,288	–
Service income	3,489,503	–
Sale of goods	3,492,140	–
	11,184,931	–

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For the financial year ended 31 December 2017

4 Other Income

	Group 2017 S$	Group 2016 S$ (Restated)
Bargain purchase from acquisition of a subsidiary (Note 17)	35,505,457	–
Gain on disposal of property, plant and equipment	29,222	–
Gain on disposal of financial assets, available-for-sale	600,000	–
Miscellaneous income	180,169	–
	36,314,848	–

5 Finance Income

	Group 2017 S$	Group 2016 S$ (Restated)
Interest income – Loans receivable I (Note 19)	58,042	–
Interest income – Loan receivable II (Note 19)	111,782	–
	169,824	–

6 Finance Costs

	Group 2017 S$	Group 2016 S$ (Restated)
Interest expense:		
- hire purchase	7,169	–
- bank borrowings	121,223	–
	128,392	–
Bank charges	355	603
	128,747	603

7 Profit/(Loss) before Income Tax from Continuing Operations

	Group 2017 S$	Group 2016 S$ (Restated)
Profit/(Loss) before income tax from continuing operations has been arrived at after charging:		
Included in cost of sales:		
- Depreciation of property, plant and equipment	2,671,202	–
- Rental expenses - operating lease	183,909	–
- Staff costs	400,139	–
- Utilities	38,008	–
Included in distribution costs:		
- Depreciation of property, plant and equipment	319,003	–
Included in administrative expenses:		
- Audit fees - Company auditors	100,000	47,000
- Depreciation of property, plant and equipment	70,753	12,650
- Directors' fees	180,000	137,141
- Rental expenses - operating lease	112,042	132,481
- Staff costs	760,846	262,915
- Allowance for impairment of trade receivables	143,914	–
- Consultancy fees	540,000	–
- Retainer fee	558,000	–
- Legal and professional fees	1,010,080	502,598
Included in other operating expenses:		
- Amortisation of intangible assets	412,257	–

In the previous financial year, non-audit fees amounted to S$32,000 were paid to the Company's auditors. The fees were related to the financial due diligence services rendered in connection with the proposed acquisition of companies by the Group. No non-audit fees were paid to the Company's auditors in the current financial year.

There were no non-sponsor fees (2016: Nil) paid/payable to the Company's Sponsor during the financial year ended 31 December 2017.

8 Staff Costs

	Group 2017 S$	Group 2016 S$ (Restated)
Salaries and bonuses	1,046,687	254,500
Defined contributions plans	72,900	8,415
Other short-term benefits	41,398	–
	1,160,985	262,915

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9 Income Tax

	Group 2017 S$	Group 2016 S$ (Restated)
Income tax		
- Current	773,390	–
- Over provision in prior years	(4,563)	–
	768,827	–
Deferred tax		
- Origination and reversal of temporary differences	(593,198)	–
	175,629	–

The income tax on the profit/(loss) before income tax varies from the amount of income tax determined by applying the applicable tax rates in each jurisdiction the Group operates due to the following:

	Group 2017 S$	Group 2016 S$ (Restated)
Profit/(Loss) before income tax	34,911,147	(1,207,060)
Income tax calculated at applicable tax rates	5,934,895	(205,200)
Non-deductible expenses	210,486	180,348
Income not subject to tax	(6,077,980)	–
Tax exemption	(10,000)	–
Singapore statutory stepped exemption	(25,925)	–
Deferred tax assets not recognised	148,716	24,852
Over provision of current income tax in prior years	(4,563)	–
	175,629	–

The non-taxable income relates mainly to the bargain purchase arising from acquisition of a subsidiary in the current financial year.

The corporate income tax applicable to the Company and other significant entities of the Group, which are mostly incorporated in Singapore, is 17% (2016: 17%).

Unrecognised tax losses

Deferred tax assets are recognised for unutilised tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2017, the Group has unutilised tax losses of approximately S$1,021,000 (2016: S$146,000) which can be carried forward and used to offset against future taxable income of those entities in the Group in which the losses arose, subject to the agreement of the tax authorities and compliance of the relevant provisions of the tax legislation of the respective countries in which they operate. The unutilised tax losses have no expiry dates.

The deferred tax assets arising from these unutilised tax losses of approximately S$174,000 (2016: S$25,000) have not been recognised in accordance with the Group's accounting policy stated in Note 2(z).

10 Discontinued Operations

On 28 August 2017, the Group entered into a conditional sale and purchase agreement for the sale of the entire share capital of Allied Advantage Sdn. Bhd. ("AASB") and its subsidiary (collectively the "AA Malaysia Group"), which represent the manufacturing of speaker parts operating segment of the Group, for a total consideration of S$7,535,551, the details of which are in the Company's announcement dated 28 August 2017. The transaction was completed on 31 January 2018, the date the control of the AA Malaysia Group was passed to the acquirer. The Group has estimated to recognise a loss on this disposal of approximately S$3,982,545. As at 31 December 2017, the Group has allocated the foregoing estimated loss to the plant and equipment of AA Malaysia Group (see Note 12(e)).

On 6 October 2017, the Group entered into a conditional sale and purchase agreement for the sale of the entire share capital of Toko Construction Pte Ltd ("Toko"), which represent the construction activities operating segment of the Group, for a total consideration of S$739,816, the details of which are in the Company's announcement dated 6 October 2017. The transaction was completed on 21 February 2018, the date the control of Toko was passed to the acquirer. The Group has estimated to recognise a gain on this disposal of approximately S$464,000.

Further details of the assets and liabilities directly related to the subsidiaries disposed of (the "Disposal Group") are disclosed in Note 22.

The results of the discontinued operations included in the consolidated statement of comprehensive income for the financial year ended 31 December 2017 are set out below. The consolidated statement of comprehensive income for the financial year ended 31 December 2016 have also been restated for comparative purposes.

		Group	
	Manufacturing of speaker parts segment	**Construction activities segment**	**Total**
	S$	**S$**	**S$**
2017			
Loss for the year from discontinued operations:			
Revenue	17,640,774	13,660	17,654,434
Cost of sales	(16,008,161)	(6,360)	(16,014,521)
Gross profit	1,632,613	7,300	1,639,913
Other income	690,055	7,537	697,592
Administrative expenses	(1,141,709)	(238,244)	(1,379,953)
Other operating expenses	(5,917,119)	(296,922)	(6,214,041)
Finance costs	(503,253)	–	(503,253)
Loss before income tax	(5,239,413)	(520,329)	(5,759,742)
Income tax	367,201	(159)	367,042
Loss for the year attributable to equity holders of the Company from discontinued operations	(4,872,212)	(520,488)	(5,392,700)
Cash flows from discontinued operations			
Net cash inflow/(outflow) from operating activities	2,331,484	(125,984)	2,205,500
Net cash outflow from investing activities	(1,719,514)	–	(1,719,514)
Net cash (outflow)/inflow from financing activities	(1,556,803)	125,616	(1,431,187)
Net cash outflow from discontinued operations	(944,833)	(368)	(945,201)

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10 Discontinued Operations (cont'd)

	Manufacturing of speaker parts segment S$	Group Construction activities segment S$	Total S$
2016			
Profit/(Loss) for the year from discontinued operations:			
Revenue	17,167,370	2,579	17,169,949
Cost of sales	(15,731,510)	(73,197)	(15,804,707)
Gross profit/(loss)	1,435,860	(70,618)	1,365,242
Other income	698,289	2,375	700,664
Administrative expenses	(1,335,053)	(193,963)	(1,529,016)
Other operating expenses	(22,602)	–	(22,602)
Finance costs	(486,203)	(310)	(486,513)
Profit/(Loss) before income tax	290,291	(262,516)	27,775
Income tax	(38,348)	–	(38,348)
Profit/(Loss) for the year attributable to equity holders of the Company from discontinued operations	251,943	(262,516)	(10,573)
Cash flows from discontinued operations			
Net cash inflow/(outflow) from operating activities	2,947,828	(28,345)	2,919,483
Net cash outflow from investing activities	(622,759)	–	(622,759)
Net cash outflow from financing activities	(2,151,174)	(29,032)	(2,180,206)
Net cash inflow/(outflow) from discontinued operations	173,895	(57,377)	116,518

11 Earnings/(Loss) per Share, Basic and Diluted

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The earnings/(loss) and weighted number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

	Group 2017 S$	Group 2016 S$ (Restated)
Profit/(Loss) for the year attributable to equity holders of the Company	29,347,028	(1,217,633)
Earnings/(Loss) used in the calculation of basic earnings/(loss) per share	29,347,028	(1,217,633)
(Loss) for the year from discontinued operations used in the calculation of basic earnings/(loss) per share from discontinued operations	(5,392,700)	(10,573)
Earnings/(Loss) used in the calculation of basic earnings/(loss) per share from continuing operations	34,739,728	(1,207,060)

11 Earnings/(Loss) Per Share, Basic and Diluted (cont'd)

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of dilutive potential ordinary shares that could have been issued upon the exercise of all dilutive warrants. The average market value of the Company's shares for the purposes of calculating the dilutive effect of warrants was based on quoted market prices for the period during which the warrants were outstanding.

The earnings/(loss) used in the calculation of diluted earnings/(loss) per share are as follows:

	Group	
	2017	**2016**
	S$	**S$**
		(Restated)
Earnings/(Loss) used in the calculation of diluted earnings/(loss) per share	29,347,028	(1,217,633)
(Loss) for the year from discontinued operations used in the calculation of diluted earnings/(loss) per share from discontinued operations	(5,392,700)	(10,573)
Earnings/(Loss) used in the calculation of diluted earnings/(loss) per share from continuing operations	34,739,728	(1,207,060)

The weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share as follows:

	Group	
	2017	**2016**
Weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share	1,319,239,496	205,441,839
Effects of dilutive potential ordinary shares:		
Warrants	413,269,056	25,989,313
	1,732,508,552	231,431,152

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12 Property, Plant and Equipment

Group	Leasehold Properties S$	Electrical and Installation S$	General tools and Moulds S$	Renovation S$	Plant and Machinery S$	Furniture, Fittings and Equipment S$	Motor Vehicles S$	Total S$
2017								
Cost								
Balance at 1 January	2,673,753	–	–	–	27,454,856	240,495	532,030	30,901,134
Additions	145,344	–	–	–	4,132,322	72,143	462,060	4,811,869
Acquisition of subsidiaries (Note 17)	63,000,000	8,424	96,850	89,701	131,644	3,641	898,328	64,228,588
Disposals	–	–	–	–	(1,037,603)	(21,400)	(352,907)	(1,411,910)
Written off	–	–	–	–	(146,330)	–	–	(146,330)
Currency realignment	61,382	–	–	–	665,643	6,350	7,158	740,533
Transferred to assets classified as held for sale (Note 22)	(2,880,479)	–	–	–	(31,068,888)	(293,625)	(382,346)	(34,625,338)
Balance at 31 December	63,000,000	8,424	96,850	89,701	131,644	7,604	1,164,323	64,498,546
Accumulated depreciation and impairment losses								
Balance at 1 January	767,303	–	–	–	15,084,591	178,498	320,604	16,350,996
Depreciation for the year	2,726,425	2,592	12,163	9,801	1,472,776	34,032	407,201	4,664,990
Impairment loss charged to profit or loss	–	–	–	–	1,851,280	–	–	1,851,280
Impairment loss on transfer of assets classified as held for sale	–	–	–	–	3,982,545	–	–	3,982,545
Disposals	–	–	–	–	(994,586)	(17,510)	(265,216)	(1,277,312)
Written off	–	–	–	–	(146,330)	–	–	(146,330)
Currency realignment	17,944	–	–	–	378,725	4,217	4,791	405,677
Transferred to assets classified as held for sale (Note 22)	(840,470)	–	–	–	(21,601,084)	(197,996)	(255,495)	(22,895,045)
Balance at 31 December	2,671,202	2,592	12,163	9,801	27,917	1,241	211,885	2,936,801
Net book value								
Balance at 31 December	60,328,798	5,832	84,687	79,900	103,727	6,363	952,438	61,561,745

12 Property, Plant and Equipment (cont'd)

Group	Leasehold Properties S$	Plant and Machinery S$	Furniture, Fittings and Equipment S$	Motor Vehicles S$	Total S$
2016					
Cost					
Balance at 1 January	2,734,926	25,481,224	218,571	518,468	28,953,189
Additions	–	3,529,477	32,175	10,632	3,572,284
Acquisition of a subsidiary (Note 17)	–	–	534	14,527	15,061
Disposals	–	(299,457)	(5,098)	–	(304,555)
Written off	–	(721,388)	(301)	–	(721,689)
Currency realignment	(61,173)	(535,000)	(5,386)	(11,597)	(613,156)
Balance at 31 December	2,673,753	27,454,856	240,495	532,030	30,901,134
Accumulated depreciation and impairment losses					
Balance at 1 January	730,160	14,768,772	152,561	218,935	15,870,428
Depreciation for the year	55,371	1,484,903	35,429	109,808	1,685,511
Impairment loss charged to profit or loss	–	177,932	–	–	177,932
Disposals	–	(286,925)	(5,278)	–	(292,203)
Written off	–	(706,843)	(301)	–	(707,144)
Currency realignment	(18,228)	(353,248)	(3,913)	(8,139)	(383,528)
Balance at 31 December	767,303	15,084,591	178,498	320,604	16,350,996
Net book value					
Balance at 31 December	1,906,450	12,370,265	61,997	211,426	14,550,138

(a) Additions of property, plant and equipment

During the financial year, the Group acquired the additions of property, plant and equipment by means of:

	Group 2017 S$	Group 2016 S$
Cash	2,195,334	538,876
Hire purchase	2,616,535	3,033,408
	4,811,869	3,572,284

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12 **Property, Plant and Equipment** (cont'd)

(b) Net book value of property, plant and equipment under hire purchase

At the reporting date, the net book value of property, plant and equipment acquired under hire purchase in respect of which installment payments are outstanding are as follows:

	Group	
	2017	**2016**
	S$	**S$**
Plant and machinery	103,708	3,800,670
Equipment & tools	–	140,352
Motor vehicles	614,538	201,329
	718,246	4,142,351

(c) Details of the Group's leasehold properties

As at 31 December 2017, the Group's leasehold properties relate to the purpose built industrial complex comprising two adjoining two storey detached factories, a single-storey detached warehouse with a mezzanine level, three-storey office block and two former plant houses located at 60 Benoi Road, Singapore 629906 with a lease tenure of 60 years from 1 July 1979.

(d) Property, plant and equipment pledged as security

As at 31 December 2017, included in property, plant and equipment is the Group's leasehold properties of S$60,328,798 (2016: Nil) pledged to a financial institution for bank loan granted to the Group as disclosed in Note 25.

(e) Impairment losses of plant and equipment

During the financial year ended 31 December 2017, certain plant and equipment were rendered to be technologically obsolete or no longer in use by the Group. Accordingly, impairment loss amounted to S$1,851,280 (2016: S$177,932) was recognised and included in other operating expenses under discontinued operations, as management does not expect to generate future economic benefits from the use or disposal of these assets.

During the financial year ended 31 December 2017, certain plant and equipment were transferred to assets classified as held for sale which arose from the discontinued operations as described in Note 10. Accordingly, an impairment loss amounted to S$3,982,545 was recognised and included in other operating expenses under discontinued operations, consequent to the measurement of these assets at the lower of their previous carrying amounts and fair value less cost to sell. The fair value of these plant and equipment is measured under Level 2 of the Fair Value Hierarchy, as defined in Note 35.

13 Prepaid Land Leases

	Group 2017 S$	Group 2016 S$
Cost		
Balance at 1 January	552,196	564,830
Currency realignment	11,947	(12,634)
Transferred to assets classified as held for sale (Note 22)	(564,143)	–
Balance at 31 December	–	552,196
Accumulated amortisation		
Balance at 1 January	129,805	123,095
Amortisation for the year	9,438	9,798
Currency realignment	3,037	(3,088)
Transferred to assets classified as held for sale (Note 22)	(142,280)	–
Balance at 31 December	–	129,805
Net book value		
Balance at 31 December	–	422,391
Amount to be amortised:		
- Not later than one year	–	9,798
- Later than one year but not later than five years	–	39,192
- Later than five years	–	373,401
	–	422,391

Prepaid land leases relate to 3 plots of state-owned land located in Malaysia, where the manufacturing facilities of the AA Malaysia Group reside.

14 Intangible Assets

	Group Customer Contracts 2017	Group Customer Contracts 2016
Cost		
Balance at 1 January	–	–
Acquisition of a subsidiary (Note 17)	2,473,541	–
Balance at 31 December	2,473,541	–
Accumulated amortisation		
Balance at 1 January	–	–
Amortisation for the year	412,257	–
Balance at 31 December	412,257	–
Net book value		
Balance at 31 December	2,061,284	–

Customer Contracts ("CC") was acquired in the Group's acquisition of business of EMS (Note 17) that was completed during the current financial year. CC has an amortisation period of five years.

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15 Goodwill

	Group	
	2017	2016
	S$	S$
Goodwill		
Balance at 1 January	685,258	–
Goodwill arising on acquisition of subsidiaries (Note 17)	2,232,625	685,258
Transferred to assets classified as held for sale (Note 22)	(685,258)	–
Balance at 31 December	2,232,625	685,258

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the respective cash generating unit (CGU) under the relevant operating segments as follows:

	Group	
	2017	2016
	S$	S$
Construction activities		
- Toko Construction Pte Ltd	–	685,258
Manufacturing of articles of concrete, cement and plaster segment		
- W&P Precast Pte Ltd ("WPP")	1,108,095	–
Supply and manufacturing of ready-mix concrete products segment		
- W&P Corporation Pte Ltd ("WPC")	1,124,530	–
	2,232,625	685,258

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections, budgeted gross margins, forecasted growth rates and the perpetual growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	WPP		WPC	
	2017	2016	2017	2016
	%	%	%	%
Gross margin	26.0 - 28.2	–	20.0	–
Growth rate:				
Year 1	25.0	–	25.0	–
Year 2 - 5	3.0	–	3.0	–
Perpetual growth rate	0.0	–	0.0	–
Discount rate	15.88	–	15.88	–

The growth rates used are based on the average historical growth rate of each CGU and past experience and with reference to the then long-term average growth rates of the industries and markets in which the CGUs operate. The discount rate represents the current market assessment of the risks specific to each CGU industry. Based on the above value in calculations performed by management in relation to the CGUs of WPP and WPC, the recoverable amounts of the respective CGUs were determined to be in excess of their carrying amounts.

15 **Goodwill** (cont'd)

Sensitivity analysis

Management has considered the possibility of a decrease in the first year growth rate as estimated above. A 2% and 10% decrease is most sensitive to the estimated first year growth rate for the CGUs of WPP and WPC, assuming the other variables remain constant, resulting in an impairment loss of approximately S$65,000 and S$98,000, respectively.

16 **Financial Assets, Available-for-sale**

	Group	
	2017	2016
	S$	S$
Financial assets, available-for-sale		
Quoted equity shares, at fair value	150,000	–

The above represents investments in equity securities listed in Singapore that were acquired in the Group's acquisition of business of EMS (Note 17) that was completed during the current financial year. At the reporting date, the fair value of the listed equity investments is measured under Level 1 of the Fair Value Hierarchy, as disclosed in Note 35.

17 **Investment in Subsidiaries**

	Company	
	2017	2016
	S$	S$
Unquoted equity shares, at cost		
Balance at 1 January	11,064,510	11,064,510
Acquisitions during the year	27,700,000	–
Incorporation during the year	1	–
Impairment loss recognised in the year	(4,064,509)	–
Transferred to assets classified as held for sale (Note 22)	(7,000,000)	–
Balance at 31 December	27,700,002	11,064,510

During the financial year ended 31 December 2017, the Company's investment in subsidiary, Allied Advantage Sdn. Bhd., was transferred to assets classified as held for sale which arose from the discontinued operations as described in Note 10. Accordingly, an impairment loss amounted to S$4,064,509 was recognised, consequent to the measurement of the investment at the lower of its previous carrying amount and fair value less cost to sell. The fair value of the investment is measured under Level 2 of the Fair Value Hierarchy, as defined in Note 35.

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17 **Investment in Subsidiaries** (cont'd)

Details of the subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation and place of business	Principal activities	Effective equity interest held by the Group 2017 %	2016 %
Held by the Company				
Allied Advantage Sdn. Bhd.[(1)]	Malaysia	Manufacturer of speaker parts	100	100
A2A Management Pte Ltd [(2)]	Singapore	Provision of business and management consultancy services	100	100
Engineering Manufacturing Services (S) Pte Ltd [(2), (5)]	Singapore	General warehousing and other business support activities	100	–
W&P Corporation Pte Ltd [(2), (5)]	Singapore	Supply and manufacturing ready-mix concrete, precast component and related products	100	–
W&P Precast Pte Ltd [(2), (5)]	Singapore	Supply of precast concrete products	95	–
Julique Capital Pte Ltd [(2), (4)]	Singapore	Investment holdings	100	–
Held through the subsidiaries				
AA Supply Chain Management Sdn. Bhd.[(1)]	Malaysia	Iron ore trading	100	100
Toko Construction Pte Ltd [(3)]	Singapore	Building construction services	100	100
Germaxco Pte Ltd [(2), (5)]	Singapore	General warehousing and other business support activities	51	–
W&P Precast Sdn. Bhd [(3), (4)]	Malaysia	Manufacture of precast components	95	–

(1) Audited by a member firm of Moore Stephens International Limited.
(2) Audited by Moore Stephens LLP, Singapore.
(3) Non-significant subsidiaries of the Group. Reviewed by Moore Stephens LLP, Singapore for group consolidation.
(4) Incorporated during the current financial year.
(5) Acquired during the current financial year.

17 **Investment in Subsidiaries** (cont'd)

Acquisition of subsidiaries

Engineering Manufacturing Services (S) Pte Ltd

On 20 February 2017, the Group completed the acquisition of 100% equity interest in Engineering Manufacturing Services (S) Pte Ltd ("EMS") and its subsidiary, Germaxco Pte Ltd, (collectively "EMS Group") for a total consideration of S$25,000,000. Details of the consideration paid, the assets acquired and liabilities assumed and the effect on the cash flows of EMS Group, at the acquisition date, are as follows:

	2017 S$
Fair value of the identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 12)	63,000,000
Intangible assets – Customer Contracts (Note 14)	2,473,541
Financial assets, available-for-sale (Note 16)	150,000
Trade and other receivables	634,798
Amount due from former shareholder	11,000,000
Cash and bank balances	1,126,811
Total identified assets at fair value	78,385,150
Trade and other payables	(2,974,410)
Bank borrowings	(2,900,776)
Provision for income tax	(830,134)
Deferred tax liabilities	(11,174,373)
Total identified liabilities at fair value	(17,879,693)
Total identifiable net assets acquired at fair value	60,505,457
Purchase consideration	
Consideration paid in cash	7,000,000
Issuance of 3 year redeemable, transferable, zero coupon bond (Note 29)	7,000,000
Novation of amount due from former shareholder (Note 28)	11,000,000
Total consideration transferred for the business combination	25,000,000
Less: Fair value of identifiable net assets acquired	60,505,457
Bargain purchase arising on acquisition (Note 4)	35,505,457

	2017 S$
Effect on cash flows of the Group	
Consideration paid in cash	7,000,000
Less: Cash and cash equivalents in acquired subsidiaries	(1,126,811)
Net cash outflow on acquisition	5,873,189

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17 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Engineering Manufacturing Services (S) Pte Ltd (cont'd)

Acquisition-related costs which are not material have been excluded from the consideration transferred and recognised as an expense under "administrative expenses" line item in the profit or loss of the Group.

The bargain purchase arose from the acquisition of EMS Group because the fair value of assets acquired and liabilities assumed exceeded the total of the consideration paid. This is mainly attributable to the leasehold properties owned by EMS Group whose fair value has increased significantly. The bargain purchase arising from the acquisition has been included under "other income" line item in the profit or loss of the Group.

The acquired business contributed revenue of approximately S$7.6 million and net profit of approximately S$3.5 million to the Group from the date of acquisition to 31 December 2017.

Had the business combination been effected at 1 January 2017, the revenue of the Group from continuing operations would have been approximately S$12.8 million, and the profit for the year from continuing operations would have been approximately S$30.3 million. The management considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

W&P Corporation Pte Ltd

On 14 August 2017, the Group completed the acquisition of 100% equity interest in W&P Corporation Pte Ltd ("WPC") for a total consideration of S$600,000. Details of the consideration paid, the assets acquired and liabilities assumed and the effect on the cash flows of the Group, at the acquisition date, are as follows:

	2017
	S$
Fair value of the identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 12)	666,144
Inventories	60,713
Trade and other receivables	1,175,310
Other current assets	103,148
Cash and bank balances	91,794
Total identified assets at fair value	2,097,109
Trade and other payables	(2,482,302)
Hire purchase creditors	(139,337)
Total identified liabilities at fair value	(2,621,639)
Total identifiable net liabilities acquired at fair value	(524,530)
Purchase consideration	
Issuance of shares (Note 23)	600,000
Less: Fair value of identifiable net liabilities acquired	524,530
Goodwill arising on acquisition (Note 15)	1,124,530
Effect on cash flows of the Group	
Cash and cash equivalents in acquired subsidiary	91,794
Net cash inflow on acquisition	91,794

Acquisition-related costs which are not material have been excluded from the consideration transferred and recognised as an expense under "administrative expenses" line item in the profit or loss of the Group.

17 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

W&P Corporation Pte Ltd (cont'd)

The goodwill arose from the acquisition of WPC because of the benefits of expected synergies, revenue stream growth and future market development in a new business segment. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

The acquired business contributed revenue of approximately S$2.7 million and net loss of approximately S$0.34 million to the Group from the date of acquisition to 31 December 2017.

Had the business combination been effected at 1 January 2017, the revenue of the Group from continuing operations would have been approximately S$14.8 million, and the profit for the year from continuing operations would have been approximately S$28.5 million. The management considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

W&P Precast Pte Ltd

On 14 August 2017, the Group completed the acquisition of 95% equity interest in W&P Precast Pte Ltd ("WPP") for a total consideration of S$2,100,000. Details of the consideration paid, the assets acquired and liabilities assumed and the effect on the cash flows of the Group, at the acquisition date, are as follows:

	2017 S$
Fair value of the identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 12)	562,444
Inventories	99,289
Trade and other receivables	1,144,877
Other current assets	3,937
Cash and bank balances	74,600
Total identified assets at fair value	1,885,147
Trade and other payables	(657,848)
Hire purchase creditors	(129,974)
Provision for income tax	(2,648)
Deferred tax liabilities	(50,566)
Total identified liabilities at fair value	(841,036)
Total identifiable net assets acquired at fair value	1,044,111

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17 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

W&P Precast Pte Ltd (cont'd)

	2017 S$
Purchase consideration	
Issuance of shares (Note 23)	2,100,000
Plus: Non-controlling interest*	52,206
Less: Fair value of identifiable net assets acquired	1,044,111
Goodwill arising on acquisition (Note 15)	1,108,095
Effect on cash flows of the Group	
Cash and cash equivalents in acquired subsidiary	74,600
Net cash inflow on acquisition	74,600

* The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of the acquired subsidiary's identifiable net assets

Acquisition-related costs which are not material have been excluded from the consideration transferred and recognised as an expense under "administrative expenses" line item in the profit or loss of the Group.

The goodwill arose from the acquisition of WPP because of the benefits of expected synergies, revenue stream growth and future market development in a new business segment. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

The acquired business contributed revenue of approximately S$0.89 million and net loss of approximately S$0.16 million to the Group from the date of acquisition to 31 December 2017.

Had the business combination been effected at 1 January 2017, the revenue of the Group from continuing operations would have been approximately S$13.5 million, and the profit for the year from continuing operations would have been approximately S$29.2 million. The management considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

17 Investment in Subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Toko Construction Pte Ltd

On 16 March 2016, the Group had completed the acquisition of 100% equity interest in Toko Construction Pte Ltd ("Toko"). Details of the consideration paid, the assets acquired and liabilities assumed and the effects of the cash flows of the Group, at the acquisition date, were as follows:

	2016
	S$
Fair value of the identifiable assets acquired and liabilities assumed	
Property, plant and equipment (Note 12)	15,061
Cash and bank balances	18,829
Trade and other receivables	654,586
Total identified assets at fair value	688,476
Trade and other payables	(295,379)
Provision for income tax	(17,899)
Total identified liabilities at fair value	(313,278)
Total identifiable net assets at fair value	375,198
Purchase consideration	
Issuance of promissory note payable (Note 28)	719,691
Consideration paid in cash	340,765
Total consideration transferred for the business combination	1,060,456
Less: Fair value of identifiable net assets acquired	375,198
Goodwill arising from acquisition	685,258
Effect on cash flows of the Group	
Cash payable	340,765
Less: Cash and cash equivalents in acquired subsidiary	(18,829)
Net cash outflow on acquisition	321,936

Acquisition-related costs which are not material had been excluded from the consideration transferred and recognised as an expense under "administrative expenses" line item in the profit or loss of the Group.

The goodwill arose from the acquisition of Toko because of the benefits of expected synergies, revenue stream growth and future market development in a new business segment. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising on this acquisition is not expected to be deductible for tax purposes.

Incorporation of subsidiaries

On 7 April 2017, the Group incorporated a wholly owned subsidiary, Julique Capital Pte Ltd, in Singapore with a paid-up share capital of S$1.

On 15 November 2017, the Group's 95% owned subsidiary, W&P Precast Pte Ltd, incorporated a wholly owned subsidiary, W&P Precast Sdn. Bhd., in Malaysia with a paid-up share capital of RM1 (S$1).

Non-controlling interests

The Group's subsidiaries with individually non-material non-controlling interests amounted to S$52,896 (2016: Nil) as at 31 December 2017.

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18 Inventories

	Group	
	2017	2016
	S$	S$
At cost		
Raw materials	48,288	1,895,590
Semi-finished goods	–	618,545
Finished goods	42,156	963,776
	90,444	3,477,911
At net realisable value		
Semi-finished goods	–	8,967
Finished goods	–	30,940
	–	39,907
Total inventories	90,444	3,517,818
Cost of inventories sold recognised as cost of sales in the consolidated statement of comprehensive income		
- Continuing operations	2,288,723	–
- Discontinued operations	16,008,161	15,731,510

19 Trade and Other Receivables

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Trade receivables				
- third parties	3,080,146	6,045,125	–	–
Less: Allowance for impairment loss	(143,914)	–	–	–
	2,936,232	6,045,125	–	–
Other receivables:				
- loans receivable I (1)	6,558,040	–	–	–
- loan receivable II (2)	2,031,781	–	–	–
- others	–	147,085	–	–
Tax recoverable	–	9,137	–	–
Due from subsidiaries (3)	–	–	2,318,421	–
	8,589,821	156,222	2,318,421	–
Trade and other receivables	11,526,053	6,201,347	2,318,421	–

The credit period for trade receivables generally ranges from 30 to 60 days (2016: 30 to 180 days). No interest is charged on the trade receivables for outstanding balances.

(1) Loans receivable I, an aggregate of various principal loan amounts totalling S$6,500,000 and the related interest receivable of S$58,040, due from a third party company at the reporting date are unsecured and interest-bearing at 3.77% per annum. The loan amounts have a 6 months tenure period with repayment dates that are due from February 2018 up to May 2018. At the date of these financial statements, aggregate loan amounts totalling S$4,550,511 with repayments dates that were due in February 2018 up to April 2018 had their repayment dates extended for another 6 months by mutual consent.

(2) Loan receivable II, a principal loan amount of S$2,000,000 and the related interest receivable of S$31,781, due from a third party company (the "Borrower") at the reporting date is secured, interest-bearing at 8% per annum and is due for repayment by April 2018 in cash. The Borrower is a wholly owned subsidiary of a public limited company listed on the Catalist Board of the SGX-ST. At the date of these financial statements, the repayment date that was due in April 2018 has been extended for another 6 months by mutual consent. It was also agreed that the Group accepts repayment in the form of new shares in the listed company in the event the Borrower is unable to pay the outstanding loan in cash.

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

20 Other Current Assets

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Other current assets				
Deposits	133,989	66,561	–	–
Advance payments to suppliers	–	466,000	–	–
Prepayments	50,907	367,014	6,217	21,260
Others	–	61,768	–	–
	184,896	961,343	6,217	21,260

21 Cash and Bank Balances

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Cash and bank balances				
Cash on hand and at banks	2,907,942	10,750,424	562,493	9,410,623
Fixed deposits	–	511,651	–	–
	2,907,942	11,262,075	562,493	9,410,623

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

	Group	
	2017	2016
	S$	S$
Consolidated cash and cash equivalents		
Cash and bank balances	2,907,942	11,262,075
Less: Bank overdrafts (Note 25)	–	(366,150)
Less: Fixed deposits pledged	–	(511,651)
	2,907,942	10,384,274

The fixed deposits are pledged to banks as collateral for banking facilities granted to the Group, as disclosed in Note 25, and are utilised only for repayment of the said facilities.

During the financial year ended 31 December 2017, the fixed deposits' weighted average effective interest rates bear a rate of 2.78% (2016: 2.92%) per annum and have a maturity period of less than twelve months from the reporting date.

During the financial year ended 31 December 2017, the bank overdrafts of the Group bear a weighted average effective interest rate at 8.49% (2016: 8.45%) per annum and are secured as disclosed in Note 25.

The fixed deposits pledged and bank overdrafts have been transferred to assets/liabilities classified as held for sale.

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22 Disposal Group Classified as Held For Sale

As described in Note 10, the Group entered into separate conditional sale and purchase agreements for the sale of the entire share capital of Allied Advantage Sdn. Bhd. and its subsidiary (the "AA Malaysia Group"), and Toko Construction Pte Ltd (collectively the "Disposal Group").

Details of the assets and liabilities directly related to the Disposal Group at the reporting date are as follows:

	Disposal Group		
	Manufacturing of speaker parts segment	**Construction activities segment**	**Total**
	S$	**S$**	**S$**
Group			
2017			
Assets			
Property, plant and equipment (Note 12)	11,725,260	5,033	11,730,293
Prepaid land leases (Note 13)	421,863	–	421,863
Goodwill (Note 15)	–	685,258	685,258
Inventories	3,389,357	–	3,389,357
Trade and other receivables	5,734,821	7,176	5,741,997
Other current assets	770,003	–	770,003
Cash and bank balances	939,336	–	939,336
Assets classified as held for sale	22,980,640	697,467	23,678,107
Liabilities			
Trade and other payables	5,464,085	161,481	5,625,566
Bank borrowings	5,377,100	–	5,377,100
Hire purchase creditors	3,569,416	–	3,569,416
Deferred tax liabilities (Note 27)	1,555,512	–	1,555,512
Provision for income tax	14,527	–	14,527
Liabilities classified as held for sale	15,980,640	161,481	16,142,121

	Company 2017 S$
Assets	
Assets classified as held for sale	
- Investment in subsidiary, Allied Advantage Sdn. Bhd. (Note 17)	7,000,000
Liabilities	
Liabilities classified as held for sale	
- Amount due to subsidiary, Allied Advantage Sdn. Bhd. ("AASB")*	539,653

* Pursuant to the terms of the sale and purchase agreement for the sale of the AA Malaysia Group, the Company shall transfer and novate its rights and obligations under the amount due to AASB, and up to the date of the completion of the sale of the AA Malaysia Group, to the acquirer. Further, under the novation agreement, the acquirer and AASB agree to release and discharge the Company from the amount due to AASB, on the basis that, among other things, the acquirer undertakes to be bound by the amount due to AASB in place of the Company. The sale of the AA Malaysia Group was completed on 31 January 2018 and the amount due to AASB that was accordingly novated from the Company to the acquirer as at that date, amounted to the same amount as disclosed above.

23 Share Capital

	Group and Company			
	2017	2016	2017	2016
	No. of ordinary shares		S$	S$
Issued and fully paid:				
Balance at 1 January	1,059,038,211	96,276,201	22,143,526	12,515,906
Warrants subscription	273,980,250	–	3,287,763	–
Rights subscription	–	962,762,010	–	9,627,620
Issuance for the acquisition of WPC (Note 17)	20,000,000	–	600,000	–
Issuance for the acquisition of WPP (Note 17)	70,000,000	–	2,100,000	–
Balance at 31 December	1,423,018,461	1,059,038,211	28,131,289	22,143,526

Ordinary shares of the Company do not have any par value.

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 restriction at general meetings of the Company and rank equally with regards to the Company's residual assets.

On 21 December 2016, the Company completed the renounceable underwritten of 962,762,010 rights issue with up to 962,762,010 free warrants, on the basis of ten rights and ten warrants for every one ordinary share in the Company. Each rights and warrants carry the right to subscribe for one new ordinary share at the exercise price of S$0.010 and S$0.012 respectively.

During the previous financial year, 962,762,010 ordinary shares were issued as a result of the exercise of the full 962,762,010 rights. No warrants were exercised.

In the current financial year, 273,980,250 ordinary shares were issued as a result of the exercise of 273,980,250 warrants.

As at the end of the financial year, there are 688,781,760 (2016: 962,762,010) warrants outstanding.

Share issuance-related costs which are not material have been recognised as an expense in the profit or loss of the Group in the current and previous financial years.

24 Reserves

The movements in the Group's reserves are presented in the consolidated statement of changes in equity.

(a) The Group's merger reserve represents the difference between the nominal value of the shares of the subsidiary acquired pursuant to the group restructuring prior to the Company's initial public offering over the nominal value of the Company's shares issued in exchange thereof.

(b) The Group's translation reserve represents exchange differences arising from the translation of the financial statements of the group entities whose functional currencies are different from that of the Group's presentation currency.

As at 31 December 2017, there are cumulative losses of S$4,476,309 for losses on translation of foreign operations included in the translation reserve relating to the AA Malaysia Group up to that date, which will be realised on completion of the disposal of AA Malaysia Group subsequent to the financial year end.

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25 Bank Borrowings

	Current	Non-current		
	Within 1 year S$	Within 2 - 5 years S$	After 5 years S$	Total S$
Group				
2017				
Secured:				
Term loan II [(2)]	777,635	1,533,212	–	2,310,847
Money market loan [(3)]	4,519,987	–	–	4,519,987
	5,297,622	1,533,212	–	6,830,834
2016				
Secured:				
Term loan I [(1)]	75,695	343,100	317,195	735,990
Bank overdrafts [(1)]	366,150	–	–	366,150
Bills payables [(1)]	3,929,758	–	–	3,929,758
	4,371,603	343,100	317,195	5,031,898

[(1)] These bank borrowings are secured by:
(i) first legal charge over a subsidiary's prepaid land leases (Note 13) and leasehold property (Note 12);
(ii) pledge of fixed deposits (Note 21);
(iii) corporate guarantee of the Company; and
(iv) joint and severally guarantee by the directors of the subsidiary.

Term loan I bears an effective interest rate of 4.95% (2016: 4.95%) per annum and is repayable in 120 monthly installments over a period of 10 years commencing from February 2015.

Bank overdrafts bears an effective interest rate of 8.49% (2016: 8.45%) per annum.

Bills payables bears an effective interest rate of 5.39% (2016: 5.54%) per annum.

The aforementioned bank borrowings have been transferred to liabilities classified as held for sale.

The corporate guarantee of the Company is discharged subsequent to the financial year end.

[(2)] Term loan II bears an effective interest rate of 2.24% per annum and is repayable by December 2020.

[(3)] Money market loan bears an effective interest rate of 2.27% per annum and is repayable from February 2018 to May 2018. The loan amounts have a 6 months tenure period with repayment dates that are due from February 2018 up to May 2018. At the date of these financial statements, aggregate loan amounts totalling S$2,515,882 with repayments dates that were due in February 2018 up to April 2018 were rolled over and had their repayment dates extended for another 6 months.

The above borrowings (Term loan II and Money market loan) are secured by:
(i) Personal guarantees of third parties;
(ii) Corporate guarantee of a third party company;
(iii) Legal mortgage of a subsidiary's leasehold properties (Note 12); and
(iv) Assignment of rental proceeds/Charge over rental account to be executed of all current and future rental income from the leasehold properties.

25 Bank Borrowings (cont'd)

The table below details changes in the Group's liabilities arising from financing activities.

		Cash Flow		Non Cash Flow				
	At 1 January	Additions	Repayments	Acquisition of subsidiaries	Currency realignment	Transferred to current liabilities held for sale	Other changes*	At 31 December
	S$	S$	S$	S$	S$	S$	S$	S$
Group								
2017								
Term loan I	735,990	–	(75,499)	–	14,090	(674,581)	–	–
Term loan II	–	–	(589,929)	2,900,776	–	–	–	2,310,847
Bills payables	3,929,758	14,636,442	(14,375,627)	–	91,362	(4,281,935)	–	–
Money market loan	–	4,500,000	–	–	–	–	19,987	4,519,987
	4,665,748	19,136,442	(15,041,055)	2,900,776	105,452	(4,956,516)	19,987	6,830,834

* Other changes include interest accrued.

26 Hire Purchase Creditors

The Group has certain plant and equipment under hire purchase. These are classified as finance leases and payable within 5 years. The Group's obligation under finance leases are secured by the lessors' title to the leased assets as disclosed in Note 12. Future minimum lease payments under these hire purchase together with the present value of the net minimum lease payments are as follows:

	2017		2016	
	Minimum Lease Payments	Present Value of Minimum Lease Payments	Minimum Lease Payments	Present Value of Minimum Lease Payments
	S$	S$	S$	S$
Amount payable under finance leases:				
Within one year	190,670	175,447	1,317,585	1,196,572
Between two to five years	45,992	41,004	1,488,167	1,428,862
Total minimum lease payments	236,662	216,451	2,805,752	2,625,434
Less: Future finance charges	(20,211)		(180,318)	
Present value of minimum lease payments	216,451		2,625,434	
Less:				
Repayable within one year included under current liabilities		175,447		1,196,572
Repayable within two to five years included under non-current liabilities		41,004		1,428,862

During the financial year ended 31 December 2017, the hire purchase's weighted average effective interest rates bear a rate of 4.85% (2016: 3.13%) per annum.

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26 Hire Purchase Creditors (cont'd)

The table below details changes in the Group's liabilities arising from financing activities.

		Cash Flow	Non Cash Flow				
	At 1 January	Repayments	Additions	Acquisition of subsidiaries	Currency realignment	Transferred to current liabilities held for sale	At 31 December
	S$	S$	S$	S$	S$	S$	S$
Group							
2017							
Hire purchase creditors	2,625,434	(1,803,252)	2,616,535	269,311	77,839	(3,569,416)	216,451

27 Deferred Tax Liabilities

	Group	
	2017	2016
	S$	S$
Deferred tax liabilities		
- to be settled after 12 months	10,631,741	1,929,295

27 Deferred Tax Liabilities (cont'd)

The movements in the deferred tax liabilities are as follows:

	Group 2017 S$	Group 2016 S$
Deferred tax liabilities		
- Accelerated tax depreciation:		
Balance at 1 January	2,532,139	2,292,953
Currency realignment	49,103	(61,585)
(Credited)/Charged to profit or loss	(787,524)	300,771
Acquisition of subsidiaries (Note 17)	11,224,939	–
Transferred to liabilities classified as held for sale (Note 22)	(2,386,916)	–
Balance at 31 December	10,631,741	2,532,139
- Other temporary differences:		
Balance at 1 January	966	70,821
Currency realignment	–	836
(Credited) to profit or loss	–	(70,691)
Transferred to liabilities classified as held for sale (Note 22)	(966)	–
Balance at 31 December	–	966
Total deferred tax liabilities	10,631,741	2,533,105
Deferred tax assets		
- Other temporary differences:		
Balance at 1 January	(603,810)	(273,731)
Currency realignment	(17,629)	18,041
Credited to profit or loss	(210,931)	(348,120)
Transferred to liabilities classified as held for sale (Note 22)	832,370	–
Balance at 31 December	–	(603,810)
- Unutilised capital allowances:		
Balance at 1 January	–	(128,466)
Currency realignment	–	(1,579)
Charged to profit or loss	–	130,045
Balance at 31 December	–	–
Total deferred tax assets	–	(603,810)

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

	Group 2017 S$	Group 2016 S$
Deferred tax liabilities	10,631,741	2,533,105
Less: Deferred tax assets	–	(603,810)
	10,631,741	1,929,295

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28 Trade and Other Payables

	Group		Company	
	2017	2016	2017	2016
	S$	S$	S$	S$
Trade payables				
- third parties [(1)]	3,261,312	5,168,744	–	–
Other payables:				
- due to subsidiaries [(2)]	–	–	11,000,001	1,018,937
- accrued operating expenses	681,645	529,779	356,943	136,000
- due to directors [(3)]	–	263,671	–	–
- loans from shareholders [(4)]	–	1,730,000	–	–
- advance from customers	50,000	–	–	–
- rental deposits received [(5)]	1,077,910	–	–	–
- other deposits [(6)]	747,827	–	–	–
- promissory note payable [(7)]	716,691	716,691	–	–
- sundry creditors	202,722	153,864	–	90,000
- provision for MOM Charge (Note 36(a))	150,000	–	–	–
	3,626,795	3,394,005	11,356,944	1,244,937
Trade and other payables	6,888,107	8,562,749	11,356,944	1,244,937
Presented as:				
Current	6,239,747	8,562,749	11,356,944	1,244,937
Non-current – rental deposits received (other liabilities)	648,360	–	–	–
	6,888,107	8,562,749	11,356,944	1,244,937

(1) The credit period for trade payables generally ranges from 30 to 90 days (2016: 30 to 90 days). No interest is charged on the trade payables for outstanding balances.

(2) The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand in cash. Included is an amount of S$11,000,000 pertaining to the novation of amount due from former shareholder of its subsidiary, EMS, as part of the consideration of the acquisition by the Group (Note 17).

(3) The amounts due to directors are non-trade in nature, unsecured, bear interest at a rate of 2.5% (2016: 2.5%) per annum and repayable on demand. The amounts have been transferred to liabilities classified as held for sale.

(4) The loans from shareholders were non-trade in nature, unsecured, interest-free and have been fully repaid during the current financial year.

(5) The rental deposits received pertain to deposits received from tenants leasing the Group's leasehold properties.

(6) The other deposits pertain to deposits placed by potential buyers for the purchase of the Group's financial assets, available-for-sale (Note 16). The transaction was made prior to the Group's acquisition of business of EMS. The Group currently intends to re-negotiate or return the deposits to the potential buyers, since there were no sale and purchase agreements signed for the transaction at the time the deposits were placed by these potential buyers. However, the Group has not been able to contact the potential buyers to date. At the date of these financial statements, the foregoing matter remains status quo.

(7) The promissory note payable pertained to a portion of consideration for the acquisition of its subsidiary, Toko (Note 17), which is unsecured, interest-free, and repayable on demand. The amount is novated to the acquirer as part of the consideration on disposal of Toko by the Group subsequent to the financial year end.

28 Trade and Other Payables (cont'd)

The table below details changes in the Group's liabilities arising from financing activities.

		Cash Flow		Non Cash Flow		
	At 1 January S$	Additions S$	Repayments S$	Currency realignment S$	Transferred to current liabilities held for sale S$	At 31 December S$
Group						
2017						
Due to directors	263,671	127,743	(141,115)	1,377	(251,676)	–
Loans from shareholders	1,730,000	–	(1,730,000)	–	–	–
	1,993,671	127,743	(1,871,115)	1,377	(251,676)	–

29 Bond Payable

The bond payable is transferable, has zero coupon and redeemable anytime within 3 years from the date of issuance, i.e. from 20 February 2017. The bond payable has been classified under current liabilities as the Group has the intention to redeem the bond within the next twelve months from the reporting date.

30 Related Party Transactions

There were transactions and arrangements between the related parties and Group and the effects of these on the basis determined between the parties are reflected in these financial statements. In addition to the related party information disclosed elsewhere in the financial statements, related party transactions include the following:

Transactions with related parties

	Group 2017 S$	Group 2016 S$
With the directors of the Company		
Interest on loan from directors	2,741	3,208

Compensation of key management personnel

	Group 2017 S$	Group 2016 S$
Directors' fees	180,000	147,622
Salaries and bonuses	899,673	744,649
Employees provident fund and social security contributions	94,098	23,905
Other short-term benefits	24,608	18,498
	1,198,379	934,674
The above comprised the following:		
Directors of the Company	567,508	805,250
Directors of the subsidiaries	501,970	–
Other key management personnel	128,901	129,424
	1,198,379	934,674

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31 Corporate Guarantees

As disclosed in Note 25, the Company has provided a corporate guarantee for banking facilities granted to a subsidiary. As at 31 December 2017, the banking facilities utilised by the subsidiary amounted to S$1,621,459 (2016: S$3,105,678). The corporate guarantee was discharged subsequent to the financial year end.

As disclosed in Note 26, the Company has provided corporate guarantees for certain plant and equipment acquired under hire purchase amounted to S$494,495 (2016: S$2,625,433).

The corporate guarantees disclosed above were not recorded at fair value, as in the opinion of the management, the difference in the interest rates, by comparing the actual rates charged by the banks with these guarantees made available, with the estimated rates that the banks would have charged had those guarantees not been available, is not material.

32 Commitments

Capital commitment

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	Group	
	2017	2016
	S$	S$
Authorised and contracted but not accounted for		
- Purchase of property, plant and equipment	–	740,347

Operating lease commitments

The Group as lessor

The Group leases out its leasehold properties premises under non-cancellable operating leases. At the reporting date, the future minimum lease receivables under these non-cancellable operating leases are as follows:

	2017	2016
	S$	S$
Within 1 year	3,421,522	–
Within 2 to 5 years	2,248,290	–
	5,669,812	–

The Group as lessee

The Group leases its Jurong Town Council's land under a non-cancellable operating lease. At the reporting date, the future minimum lease payments under the non-cancellable operating lease are as follows:

	2017	2016
	S$	S$
Within 1 year	997,729	–
Within 2 to 5 years	2,335,766	–
After 5 years	9,242,649	–
	12,576,144	–

32 Commitments (cont'd)

Service commitments

The Group has non-cancellable service agreements for the rendering of inventory management, warehousing and storage services to third parties in its leasehold properties. At the reporting date, the future minimum service receivables under the non-cancellable service agreement are as follows:

	2017 S$	2016 S$
Within 1 year	2,044,308	–
Within 2 to 5 years	1,406,914	–
	3,451,222	–

Loan commitment

The Group has provided an agreement to grant an interest-bearing loan facility of up to S$8,000,000 (2016: Nil) to a third party company, as part of the terms and conditions in the Group's acquisition of business of EMS. At the reporting date, the third party company has drawn down various loan amounts aggregating to a total amount of S$6,500,000 from the loan facility (Note 19 – Loan receivable I). At the date of these financial statements, the remaining undrawn loan facility of S$1,500,000 has also been fully drawn down. Further, another new loan of S$2,000,000 was extended to the same third party company on the same terms and conditions as the previous loans.

Other commitments

The Company has given an undertaking to continue to provide financial support to certain subsidiaries for the next twelve months from the date of authorisation of their financial statements.

33 Segment Information

For management purposes, the Group is organised into business segments based on their products as the Group's risks and rates of return are affected predominantly by differences in the products produced. Each product segments represent a strategic business unit and management monitors the operating results of these business units separately for the purpose of making decisions in relation to resource allocation and performance assessment.

The accounting policies of the reportable segments are the same as the Group's accounting policies disclosed in Note 2.

At the reporting date, the Group is primarily engaged in three business segments namely, leasing and servicing, manufacturing of articles of concrete, cement and plaster, and supply and manufacturing of ready-mix concrete products. Other segments include investment holding companies which does not meet any of the quantitative threshold for determining reportable segments in 2017 and 2016.

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33 Segment Information (cont'd)

	Continuing operations					Discontinued operations		
Group	Leasing and service income S$	Manufacturing of articles of concrete, cement and plaster S$	Supply and manufacturing of ready-mix concrete products S$	Others S$	Total S$	Manufacturing of speaker parts S$	Construction activities S$	Total S$
2017								
Revenue	7,636,556	886,270	2,662,105	–	11,184,931	17,640,774	13,660	28,839,365
Segment results	2,968,570	33,479	404,543	–	3,406,592	1,632,613	7,300	5,046,505
Allocated operating income/(expenses) - net	34,055,709	(235,871)	(756,936)	(1,599,424)	31,463,478	(6,368,773)	(527,629)	24,567,076
Finance income	58,042	–	–	111,782	169,824	–	–	169,824
Finance costs	(121,223)	(3,319)	(3,850)	(355)	(128,747)	(503,253)	–	(632,000)
Profit/(Loss) before income tax	36,961,098	(205,711)	(356,243)	(1,487,997)	34,911,147	(5,239,413)	(520,329)	29,151,405
Income tax	(242,627)	49,998	17,000	–	(175,629)	367,201	(159)	191,413
Profit/(Loss) for the year	36,718,471	(155,713)	(339,243)	(1,487,997)	34,735,518	(4,872,212)	(520,488)	29,342,818
Segment assets	70,142,089	2,558,758	3,494,637	4,519,505	80,714,989	22,980,640	697,467	104,393,096
Segment liabilities	21,347,077	562,265	3,233,880	8,028,243	33,171,465	15,720,456	421,665	49,313,586
Other information:								
Impairment of trade receivables	114,089	–	29,825	–	143,914	–	296,922	440,836
Depreciation expense	2,683,787	41,415	330,377	5,379	3,060,958	1,599,001	5,031	4,664,990
Amortisation expense	412,257	–	–	–	412,257	9,438	–	421,695
2016 (Restated)								
Revenue	–	–	–	–	–	17,167,370	2,579	17,169,949
Segment results								
Allocated operating income/(expenses) - net	–	–	–	–	–	1,435,860	(70,618)	1,365,242
Finance income	–	–	–	(1,206,457)	(1,206,457)	(659,366)	(191,588)	(2,057,411)
Finance costs	–	–	–	(603)	(603)	(486,203)	(310)	(487,116)
Profit/(Loss) before income tax	–	–	–	(1,207,060)	(1,207,060)	290,291	(262,516)	(1,179,285)
Income tax	–	–	–	–	–	(38,348)	–	(38,348)
Profit/(Loss) for the year	–	–	–	(1,207,060)	(1,207,060)	251,943	(262,516)	(1,217,633)
Segment assets	–	–	–	9,483,662	9,483,662	26,990,527	1,126,181	37,600,370
Segment liabilities	–	–	–	2,697,926	2,697,926	15,121,559	329,891	18,149,376
Other information:								
Depreciation expense	–	–	–	12,650	12,650	1,665,237	7,624	1,685,511
Amortisation expense	–	–	–	–	–	9,798	–	9,798

33 Segment Information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Singapore S$	Malaysia S$	Total S$
Group			
2017			
Revenue	11,184,931	–	11,184,931
Non-current assets	66,005,654	–	66,005,654
2016 (Restated)			
Revenue	–	–	–
Non-current assets	–	15,657,787	15,657,787

Information about major customers

There was no single individual customer, which contributed significantly to the Group's revenue.

34 Financial Risk Management

The Group's activities expose it to a variety of market risk (including currency risk and interest rate risk), credit risk and liquidity 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. The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit Committee provides independent oversight on the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes of the management of these risks.

(a) Market Risk

(i) Currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

In the opinion of the management, the Group and the Company are not subject to significant currency risk arising from fluctuation in foreign exchange rates.

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34 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Effective interest rate and re-pricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the interest rates and repayment terms are disclosed in the respective notes to the financial statements. The tables below set out the Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amount, categorised by the earlier of contractual re-pricing or maturity dates.

	Variable rate		Fixed rates		Non-	
	Less than 1 year	2 to 5 years	Less than 1 year	2 to 5 years	interest bearing	Total
	S$	S$	S$	S$	S$	S$
Group						
2017						
Assets						
Financial assets, available-for-sale	–	–	–	–	150,000	150,000
Trade and other receivables	6,500,000	–	2,000,000	–	3,026,053	11,526,053
Other current assets	–	–	–	–	133,989	133,989
Cash and bank balances	1,490,001	–	–	–	1,417,941	2,907,942
Total assets	7,990,001	–	2,000,000	–	4,727,983	14,717,984
Liabilities						
Bank borrowings	5,297,622	1,533,212	–	–	–	6,830,834
Hire purchase creditors	–	–	175,447	41,004	–	216,451
Trade and other payables	–	–	–	–	6,838,107	6,838,107
Bond payable	–	–	–	–	7,000,000	7,000,000
Total liabilities	5,297,622	1,533,212	175,447	41,004	13,838,107	20,885,392

34 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(ii) *Interest rate risk* (cont'd)

	Variable rate			Fixed rates		Non-	
	Less than 1 year	2 to 5 years	More than 5 years	Less than 1 year	2 to 5 years	interest bearing	Total
	S$	S$	S$	S$	S$	S$	S$
Group							
2016							
Assets							
Trade and other receivables	–	–	–	–	–	6,192,210	6,192,210
Other current assets	–	–	–	–	–	128,329	128,329
Cash and bank balances	–	–	–	511,651	–	10,750,424	11,262,075
Total assets	–	–	–	511,651	–	17,070,963	17,582,614
Liabilities							
Bank borrowings	4,371,603	343,100	317,195	–	–	–	5,031,898
Hire purchase creditors	–	–	–	1,196,572	1,428,862	–	2,625,434
Trade and other payables	–	–	–	263,671	–	8,299,078	8,562,749
Total liabilities	4,371,603	343,100	317,195	1,460,243	1,428,862	8,299,078	16,220,081

A 1% increase/decrease for the bank borrowings at variable rates at the reporting date would increase/decrease profit/loss after tax by the following amount:

	Group	
	2017	2016
	S$	S$
Profit/Loss after tax	10,000	42,000

The Company is not exposed to interest rate risk as there is no interest bearing asset and liability as at the financial year ended 31 December 2017 and 2016.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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34 Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level and at the Group level by management.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Financial assets that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

As at 31 December 2017, loans and receivables of the Group which are neither past due nor impaired amounted to S$9,744,934 (2016: S$4,831,212).

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables. The ageing analysis of trade receivables of the Group past due at the reporting date but not impaired is as follows:

	Group	
	2017	**2016**
	S$	**S$**
Within 30 days	889,879	578,010
31 to 90 days	874,096	541,517
More than 90 days	151,133	369,800
	1,915,108	1,489,327

The Group's trade receivables individually determined to be impaired at the reporting date and the movements of the allowance account used to record the impairment loss are as follows:

	Group	
	2017	**2016**
	S$	**S$**
Balance at 1 January	–	–
Allowance made during the year	440,836	–
Transferred to assets classified as held for sale	(296,922)	–
Balance at 31 December	143,914	–

34 Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

Financial assets that are past due and/or impaired (cont'd)

The carrying amount of trade receivables individually determined to be impaired at the reporting date is as follows:

	Group 2017 S$	**Group 2016 S$**
Trade receivables - nominal amounts	440,836	–
Less: Allowance for impairment	(440,836)	–
	–	–

The impaired trade receivables arose from long outstanding amounts due from customers which remained unpaid at the reporting date, and accordingly, there are significant uncertainties over the recovery of the amounts due from these customers.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Carrying amount S$	**Contractual cash flow S$**	**Within one year S$**	**Between two to five years S$**	**Over five years S$**
Group					
2017					
Bank borrowings	6,830,834	7,117,984	5,406,360	1,711,624	–
Hire purchase creditors	216,451	236,662	190,670	45,992	–
Trade and other payables	6,838,107	6,838,107	6,838,107	–	–
Bond payable	7,000,000	7,000,000	7,000,000	–	–
	20,885,392	21,192,753	19,435,137	1,757,616	–
2016					
Bank borrowings	5,031,898	5,316,977	4,623,998	360,083	332,896
Hire purchase creditors	2,625,434	2,805,752	1,317,585	1,488,167	–
Trade and other payables	8,562,749	8,562,749	8,562,749	–	–
	16,220,081	16,685,478	14,504,332	1,848,250	332,896

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34 Financial Risk Management (cont'd)

(c) Liquidity Risk (cont'd)

The table below shows the contractual expiry by maturity of the Company's corporate guarantees. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within one year S$	Between two to five years S$	Over five years S$
Company			
2017			
Financial guarantees	1,947,973	167,981	–
2016			
Financial guarantees	4,766,298	1,030,329	398,533

(d) Capital Risk

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. The Group manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2016.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, reserves, retained earnings, and net debts, which represent total bank borrowings, bond payable, trade and other payables and hire purchase creditors less cash and banks balances.

Management monitors capital with reference to net debt-to-equity ratio. The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings, bond payable, trade and other payables and hire purchase creditors less cash and bank balances. Total equity includes equity attributable to equity holders of the Company.

	Group 2017 S$	Group 2016 S$
Net debt	18,027,450	4,958,006
Total equity	55,026,614	19,450,994
Net debt-to equity ratio	32.76%	25.49%

The Group was not subject to any externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

35 Fair Value Measurement

Fair Value of Financial Instruments

The Group categorised fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can access at measurement date;
(ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
(iii) Level 3: Unobservable inputs for the asset or liability.

Fair value of the Group's financial liabilities that are measured at fair value

The Group's financial assets, available-for-sale are quoted in an active market and is measured at fair value (Level 1).

There was no transfer between Level 1 and Level 2 during the financial years ended 31 December 2017 and 2016.

Fair value of the Group's financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

	Fair value disclosure				Carrying amount
	(Level 1)	(Level 2)	(Level 3)	Total	
	S$	S$	S$	S$	S$
Group					
2017					
Financial Liabilities					
Bank borrowings	–	–	(6,803,834)	(6,803,834)	(6,803,834)
Hire purchase creditors	–	–	(216,451)	(216,451)	(216,451)
2016					
Financial Liabilities					
Bank borrowings	–	(4,878,577)	–	(4,878,577)	(5,031,898)
Hire purchase creditors	–	–	(2,665,439)	(2,665,439)	(2,625,434)

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group:

Bank borrowings

The fair value of interest-bearing bank borrowings is calculated based on the discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date.

Hire purchase

The fair value of hire purchase is determined by discounting the relevant cash flows using the current interest rates for similar instruments at the reporting date.

Other financial assets and financial liabilities

The carrying amounts of other financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, other current assets, cash and bank balances and trade and other payables are assumed to approximate their fair values because of the short-term period of maturity.

Notes to the
Financial Statements

For the financial year ended 31 December 2017

36 Significant Subsequent Events

(a) Worksite Accident and MOM Charge

On 14 March 2018, the Company announced that its wholly owned subsidiary, Engineering Manufacturing Services (S) Pte Ltd ("EMS"), has been charged with an offence by the Ministry of Manpower (MOM) under section 20 of the Workplace Safety and Health Act (Cap. 345A) read with section 14(1)(c) of the Act (the "MOM Charge"), for failure to take sufficient preventive measures as were necessary to ensure the safety of the workers of the contractor in carrying out painting works at a factory located in EMS' leasehold property premises at 60 Benoi Road, Singapore 629906.

EMS has attended Court hearing on 13 March 2018 and the fine to be imposed on EMS is expected to be up to S$130,000. The next Court hearing is scheduled on 10 May 2018. The Group has recognised a provision of S$150,000 (Note 28) at the reporting date in relation to the MOM Charge in the financial statements.

(b) Alleged Claims Against the Company

Subsequent to the completion of the sale of Allied Advantage Sdn. Bhd. ("AASB") and its subsidiary (collectively the "AA Malaysia Group") (see Note 10), the Company was informed of certain claims brought by AASB and Mr Jaimes Hsieh Kuo-Chuan ("Jaimes") (former Executive Chairman of the Company) against the Company (the "Alleged Claims"). The Alleged Claims are that: (i) the Company owes outstanding payments to AASB; (ii) the Company owes outstanding payments to Jaimes; and (iii) the Company owes outstanding amounts relating to the preparation, negotiation and entry into the Share Purchase Agreement ("SPA") for the sale of AA Malaysia Group. The Alleged Claims appear to contain various sums totalling S$197,275 being claimed by AASB from the Company, as well as a sum of S$18,146 allegedly payable by the Company to M/s Wong Beh & Toh.

The directors of the Company are not aware of any such liabilities owed to AASB or M/s Wong Beh & Toh, and have no documentation relating to the same. The directors of the Company also noted, other than some expenses amounting to S$21,770 wanted by AASB to be back charged to the Company, a significant number of the items claimed by AASB/Jaimes relate to the costs of the SPA or subsequent transfers of AASB after the completion of the transaction contemplated in the SPA. There does not appear to be any contractual basis for these claims.

Consequently, the Company has engaged a legal counsel to request in writing from AASB and Jaimes to provide all supporting documentation and the basis of the Alleged Claims by 27 April 2018. On 7 May 2018, AASB/Jaimes sent some invoices to the Company on the basis that they purportedly support the claims made by AASB and Jaimes against the Company. At the date of these financial statements, management is in the process of checking the invoices and obtaining further information from AASB/Jaimes, as it is not clear from those invoices why the related costs/expenses should be chargeable or reimbursed by the Company.

Subject to the outcome of the checks being done by management, the directors of the Company are of the opinion that the Alleged Claims have no merits as they are not based on any contractual/existing liability owed by the Company to these parties. The Company will vigorously defend itself against the Alleged Claims brought by AASB and Jaimes. Accordingly, no provision has been made by the Company for any sums in relation to the Alleged Claims in the financial statements.

Statistics of **Shareholdings**

As at 30 April 2018

SHARE CAPITAL

Issued and fully paid	:	SGD28,149,841.23
Number of shares	:	1,424,564,461
Class of shares	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Treasury shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.16	99	0.00
100 - 1,000	52	8.09	39,500	0.00
1,001 - 10,000	105	16.33	448,800	0.03
10,001 - 1,000,000	372	57.85	93,628,600	6.57
1,000,001 AND ABOVE	113	17.57	1,330,447,462	93.40
TOTAL	**643**	**100.00**	**1,424,564,461**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KGI SECURITIES (SINGAPORE) PTE. LTD.	547,084,568	38.40
2	RHB SECURITIES SINGAPORE PTE. LTD.	43,114,700	3.03
3	NG CHUAN HENG	42,650,000	2.99
4	YEO SEE YOUNG (YANG SHIYANG)	28,000,000	1.97
5	NG SOO TIONG	27,190,000	1.91
6	JONATHAN LIM ZHENG JIE	27,119,100	1.90
7	ONG BOON KWONG (WANG WENGUANG)	25,940,200	1.82
8	DBSN SERVICES PTE. LTD.	24,600,000	1.73
9	LEE MUI HWA	21,700,000	1.52
10	LAI CHOONG HON	21,000,000	1.47
11	CITIBANK NOMINEES SINGAPORE PTE LTD	19,491,500	1.37
12	PHILLIP SECURITIES PTE LTD	19,111,900	1.34
13	LEE LAI SAN (LI LISHAN)	16,230,100	1.14
14	DANIEL POONG MENG HUI	15,340,000	1.08
15	ONG BOON SIN (WANG WENXIN)	15,000,000	1.05
16	ONG CHIN GUAN	13,850,000	0.97
17	TAN POH GUAN (CHEN BAOYUAN)	13,362,500	0.94
18	CHOO HAN SAN	13,000,000	0.91
19	NG KIN NANG ASHLEY	12,800,000	0.90
20	LEE KIAN CHENG	12,000,000	0.84
	TOTAL	**958,584,568**	**67.28**

Statistics of **Shareholdings**

As at 30 April 2018

SUBSTANTIAL SHAREHOLDERS

(As registered in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
Thanaboonchuchai Karnsiri [(1)]	277,621,542	19.49	–	–
Quek Lay Wah [(2)]	82,604,984	5.80	–	–

The percentage of shareholding above is computed based on the total issued shares of 1,424,564,461 excluding treasury shares of the Company.

Notes:

(1) Thanaboonchuchai Karnsiri has direct interest of 277,621,542 shares held through KGI Securities (Singapore) Pte. Ltd.

(2) Quek Lay Wah has direct interest of 82,604,984 shares held through KGI Securities (Singapore) Pte. Ltd.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

The percentage of shareholdings of the Company (excluding preference shares, convertible equity securities and treasury shares) held in the hands of the public is approximately 70.17%. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Statistics of **Warrantholdings**

As at 30 April 2018

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	0	0.00	0	0.00
100 - 1,000	1	1.41	570	0.00
1,001 - 10,000	6	8.45	35,830	0.01
10,001 - 1,000,000	38	53.52	3,579,900	0.52
1,000,001 AND ABOVE	26	36.62	683,619,460	99.47
TOTAL	**71**	**100.00**	**687,235,760**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	THANABOONCHUCHAI KARNSIRI	164,632,300	23.96
2	WONG KUM YONG	75,882,860	11.04
3	QUEK LAY WAH	75,095,440	10.93
4	PRIME UNION INCORPORATED	44,607,650	6.49
5	NICHOLAS YEE WEIHAO	44,426,630	6.46
6	CHINA ELITE INCORPORATED	43,324,290	6.30
7	SY MENG MENG	36,584,960	5.32
8	TAN YEW YENG	35,784,620	5.21
9	JONATHAN LIM ZHENG JIE	26,402,000	3.84
10	YEO SEE YOUNG (YANG SHIYANG)	23,000,000	3.35
11	ADVANCE SPRING LIMITED	21,581,580	3.14
12	MCWAY CAPITAL LIMITED	15,000,000	2.18
13	YEE TAK MENG	14,000,000	2.04
14	LEE LI YING (LI LIYING)	10,000,000	1.46
15	NEO SAY HWEE	9,627,620	1.40
16	HENRY GAS ENGINEERING & DISTRIBUTION PTE LTD	9,619,510	1.40
17	LIM AH SOON	7,300,000	1.06
18	FOO SHIH CHERN	6,000,000	0.87
19	TAN YEW CHEONG (CHEN YOUZHANG)	5,350,000	0.78
20	MELODY LOW	4,370,000	0.64
	TOTAL	**672,589,460**	**97.87**

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of AA Group Holdings Ltd. (the "**Company**") will be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on Wednesday, 30 May 2018 at 9.00 a.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

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

2. To re-elect the following directors of the Company ("**Directors**") retiring pursuant to Regulation 117 of the Constitution of the Company:

   (i) Mr Lai Choong Hon **(Resolution 2)**
   (ii) Mr Lee Chong Yang **[See Explanatory Note 1]** **(Resolution 3)**

3. To approve the payment of Directors' fees of S$180,000 for the financial year ended 31 December 2017. (2016: S$146,984). **(Resolution 4)**

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

5. To transact any other ordinary business which may be transacted at the Annual General Meeting.

SPECIAL BUSINESS

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

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Constitution of the Company and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), 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,

Notice of **Annual General Meeting**

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (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) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.
[See Explanatory Note 2] **(Resolution 6)**

By Order of the Board

Leow Siew Yon
Company Secretary

Singapore, 15 May 2018

Notice of
Annual General Meeting

Explanatory Notes on Resolutions to be passed:

1. Mr Lee Chong Yang will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee, member of the Audit Committee and Nominating Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

2. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, effective 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 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, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders.

   For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting ("**AGM**") is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's proxy form appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

4. The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be either under its common seal or under the hand of any duly authorised officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company), if required by law, be duly stamped and be deposited at the registered office of the Company, 7 Kim Yam Road, Singapore 239323, not less than 48 hours before the time appointed for the AGM, failing which the instrument may be treated as invalid.

5. The instrument appointing a proxy must be deposited at the registered office of the Company, 7 Kim Yam Road, Singapore 239323, not less than 48 hours before the time of the AGM.

6. Investors who have used their CPF account savings to buy shares in the capital of the Company and who wish to attend the AGM as observers are to register with their respective CPF agent banks.

7. A depositor's name must appear in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited not later than seventy-two (72) hours before the time set for the AGM in order for the depositor to be entitled to attend and vote at the AGM.

Notice of
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 Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representatives to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representatives 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.

*This notice has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. Bernard Lui, Telephone: +65 63893000, Email: bernard.lui@morganlewis.com.

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AA GROUP HOLDINGS LTD.
(Company Registration No. 200412064D)
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy AA Group Holdings Ltd. Shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investor and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________ (Name)

of ______________________________ (Address)

being a member/members of **AA GROUP HOLDINGS LTD.** (the "**Company**") hereby appoint:

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings**	
			No. of Shares	**%**

and/or (delete as appropriate)

Name	**Address**	**NRIC/Passport No.**	**Proportion of Shareholdings**	
			No. of Shares	**%**

or failing *him/her/them, the Chairman of the meeting as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting ("**AGM**") of the Company, to be held at 60 Benoi Road, #03-02 EMS Building, Boardroom, Singapore 629906 on Wednesday, 30 May 2018 at 9.00 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 AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM.

No.	**Ordinary Resolutions relating to:**	**For***	**Against***
Ordinary Business			
1.	Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 together with Auditors' Report thereon		
2.	Re-election of Mr Lai Choong Hon as a Director		
3.	Re-election of Mr Lee Chong Yang as a Director		
4.	Approval of Directors' fees of S$180,000 for the financial year ended 31 December 2017		
5.	Re-appointment of Messrs Moore Stephens LLP as Auditors		
Special Business			
6.	Authority to allot and issue shares		

* Please indicate your vote "For" or "Against" with a tick (√) within the box provided.

Dated this __________ day of ______________ 2018.

TOTAL NUMBER OF SHARES IN :	
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

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 the relevant sections 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, 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 entitled to attend and vote at the Annual General Meeting ("**AGM**") of the Company is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies and where two proxies are appointed, shall specify the proportion of shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100 per cent of the shareholding and any second named proxy as an alternate to the first named.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies and where such member's proxy form appoints more than one proxy, the number of and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. Each proxy must be appointed to exercise the rights attached to the different share or shares held by such member.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 7 Kim Yam Road, Singapore 239323, not less than 48 hours before the time set for the AGM.

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

7. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof shall, if required by law, be duly stamped and be deposited at the registered office of the Company, 7 Kim Yam Road, Singapore 239323 not less than 48 hours before the time appointed for the AGM, failing which the instrument may be treated as invalid.

8. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

9. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

11. 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 15 May 2018.

AA GROUP HOLDINGS LTD.
ANNUAL REPORT 2017

AA GROUP HOLDINGS LTD.
(Company Registration Number : 200412064D)

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