

LAFE CORPORATION LIMITED

ANNUAL REPORT 2018



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2018

LAFE CORPORATION LIMITED



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BOARD OF DIRECTORS

Mr. Will, Eduard William Rudolf Helmuth
Chairman
Mr. Christopher Ho Wing-On
Mr. Kenny Suen Wai Cheung
Mr. Paul Law Kwok Fai
Mr. Ricky Sim Eng Huat
Mr. Kin Yuen
Mr. Paul Francis Gregory Binney

AUDIT COMMITTEE

Mr. Kin Yuen
Chairman
Mr. Ricky Sim Eng Huat
Mr. Will, Eduard William Rudolf Helmuth

ASSET MANAGEMENT COMMITTEE

Mr. Paul Law Kwok Fai
Chairman
Mr. Kenny Suen Wai Cheung
Mr. Will, Eduard William Rudolf Helmuth

NOMINATING COMMITTEE

Mr. Ricky Sim Eng Huat
Chairman
Mr. Will, Eduard William Rudolf Helmuth
Mr. Kin Yuen

REMUNERATION COMMITTEE

Mr. Kin Yuen
Chairman
Mr. Will, Eduard William Rudolf Helmuth
Mr. Ricky Sim Eng Huat

KEY EXECUTIVES

Mr. Christopher Ho Wing-On
CEO
Mr. Paul Law Kwok Fai
Executive Director, Operations
Mr. Paul Francis Gregory Binney
Executive Finance Director
Mr. Kenny Suen Wai Cheung
Executive Director, Operations
Vice Chairman and Chief Executive Officer, Vigers Group
Mr. Raymond Ho Kai Kwong
Managing Director, Vigers Group
Ms. Bianca Leung Lai Sheung
Executive Director, Vigers Holdings Ltd.
Mr. David Cheung Wang Ip
Executive Director, Vigers Appraisal and Consulting Limited and Vigers Macao Company Limited
Mr. Manjit Singh Gill
Managing Director, Vigers Group Singapore

AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
Unit #05-01 Parkview Square
Singapore 188778
Partner-in-charge: Ms. Guo Shuqi
(appointed with effect from financial year ended 31 December 2016)

COMPANY SECRETARY

Mr. Paul Francis Gregory Binney

ASSISTANT COMPANY SECRETARY

Ms. Linda Longworth
International Managers Bermuda Ltd.

CORPORATE OFFICE IN SINGAPORE

119 Emerald Hill Road
#12-01 Residences at Emerald Hill
Singapore 229401
Tel: (65) 6509 5235
Fax: (65) 6509 5235

REGISTERED OFFICE

Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

BERMUDA REGISTRAR AND SHARE TRANSFER OFFICE

International Managers Bermuda Ltd.
Wessex House
45 Reid Street
Hamilton HM 12
Bermuda

SINGAPORE SHARE TRANSFER AGENT

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6228 0530

COMPANY'S WEBSITE

www.lafecorporation.com

I am pleased to present the results of the Group for the financial year ended 31 December 2018.

BUSINESS REVIEW

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Group's revenue increased by US$1.5 million from US$13.1 million for 2017 to US$14.6 million for 2018. The increase was mainly attributable to the increase in revenue generated from the Vigers operations.

Cost of sales increased by US$1.6 million from US$9.8 million for 2017 to US$11.4 million for 2018. The increase was mainly attributable to the higher contracted manpower costs in the Vigers operations.

The Group recorded a gross profit of US$3.2 million for 2018 as compared to US$3.3 million for 2017, a decrease of US$0.1 million as explained in the preceding paragraphs.

The Group had other net loss of US$5.7 million for 2018 as compared to other net gain of US$4.1 million for 2017. In 2018, the other net loss comprised mainly the write-off of acquisition and other incidental costs of approximately US$5.2 million in consequence of the non-completion of the proposed acquisition of all the strata lots and the common area of Fairhaven at Sophia Road in District 9 as more fully disclosed in the Company's Announcements dated 9 October 2018 and 16 October 2018, the net foreign currency exchange loss of US$0.8 million arising from translating the monetary items denominated in foreign currencies and the decrease in provision on rental guarantee of US$0.2 million. In 2017, the other net gain comprised mainly the net foreign currency exchange gain of US$4.1 million arising from translating the monetary items denominated in foreign currencies and the additional provision on rental guarantee of US$0.2 million.

Administrative costs increased by US$0.4 million from US$9.0 million for 2017 to US$9.4 million for 2018. The increase was mainly attributable to the increase in property development and investment service charges of US$0.4 million.

Finance costs increased slightly by US$0.02 million from US$0.18 million for 2017 to US$0.20 million for 2018. The increase was mainly attributable to the increase in the holding company loan interest of US$ 0.06 million and decrease in bank loan interest of US$0.04 million.

As a result of the above, the Group's loss before taxation for 2018 was US$10.8 million, as compared to US$0.4 million for 2017, a decrease of US$10.4 million as explained in the preceding paragraphs.

The tax expense increased by US$0.02 million from US$0.02 million from 2017 to US$0.04 million for 2018. The tax expense for both years was mainly represented by the profits tax on the net assessable profits of the Vigers Group companies derived from their respective jurisdictions.

As a result of the above, the Group's net loss for 2018 was US$10.8 million, as compared to US$0.5 million for 2017, an increase of US$10.3 million as explained in the preceding paragraphs.

Other comprehensive loss decreased by US$0.68 million from US$0.71 million for 2017 to US$0.03 million for 2018. The decrease was mainly attributable to the decrease in currency translation loss arising on consolidation of foreign subsidiaries of US$0.38 million and the decrease in revaluation loss on land and building of US$0.34 million.

As a result of the above, the Group's total comprehensive loss for the year was US$10.88 million as compared to US$1.18 million for 2017, an increase of US$9.7 million, as explained in the preceding paragraphs.

Consolidated Statement of Financial Position

Property, plant and equipment decreased by US$0.01 million from US$0.37 million as at 31 December 2017 to US$0.36 million as at 31 December 2018. The decrease was mainly due to the net effect of the addition of property, plant and equipment of US$0.14 million and the depreciation of US$0.15 million charged to the profit and loss account during the current financial year.

Available-for-sale investments were reclassified to financial assets at fair value through other comprehensive income on adoption of IFRS 9 Financial Instruments. The investments decreased by US$0.02 million from US$0.04 million as at 31 December 2017 to US$0.02 million as at 31 December 2018. The decrease was due to the decrease in fair value of the financial assets.

Non-trade receivable from a related party, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD"), decreased by US$0.9 million from US$44.4 million as at 31 December 2017 to US$43.5 million as at 31 December 2018. The decrease was mainly attributable to the translation adjustment arising from translating the receivable denominated in foreign currency. The outstanding balance comprises fixed term loans extended to LEHD. It bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD.

Trade and other receivables increased by US$1.9 million from US$2.6 million as at 31 December 2017 to US$4.5 million as at 31 December 2018. The increase was mainly due to the increase in outstanding receivables generated from the Vigers operations and certain taxes recoverable from the Government of US$1.66 million.

Deferred rental liabilities under "Current liabilities" and "Non-current liabilities" increased from nil in 2017 to US$0.2 million in 2018. The Group entered into a new tenancy agreement with a third party during the current financial year and was granted a rent-free period of three months.

Provisions under "Current liabilities" and "Non-current liabilities" decreased in total by US$2.3 million from US$5.8 million as at 31 December 2017 to US$3.5 million as at 31 December 2018. The decrease was mainly attributable to the net effect of the payments made during the current financial year, the additional provision for rental guarantee recognised during the current financial year, the translation adjustment arising from translating the provisions denominated in foreign currency and the discount unwound adjustment charged to profit or loss during the current financial year.

Loan from the holding company of US$5.1 million represented the aggregate amount of advances extended to the Company by the Company's holding company, Sino Capital Resources Limited ("SCRL"), during the current financial year. The loan is unsecured, repayable on demand and bears interest at 3% per annum except for working capital loans of US$1.96 million which is repayable on 31 December 2019.

As at 31 December 2018, the current liabilities of the Group exceeded the current assets by US$3.4 million. Subject to any unforeseeable changes on the market conditions, the directors have a reasonable expectation that the Group will be able to generate sufficient funds from its business to continue in operational existence for the foreseeable future based on the assessment of the individual business liquidity and cash flow requirements for the next twelve months. SCRL, which has confirmed its intention to provide continuous financial support to the Company, has granted a revolving credit facility to the Company for meeting its general working capital requirements as and when deemed necessary. SCRL has further confirmed its intention that it will not call for repayment of the outstanding loan unless the Company has alternative sources of funds for repayment or have generated sufficient funds to continue the Company's operations after repayment of the loan. With the financial support from SCRL, the directors consider that the Group will be able to continue operating as a going concern.

The movement in cash and cash equivalents from US$9.6 million as at 31 December 2017 to US$1.0 million as at 31 December 2018, a decrease of US$8.6 million, is explained in the statement of cash flows below.

Consolidated Statement of Cash Flows

During the year, the Group's net cash used in operating activities was US$13.6 million as compared to net cash used in operating activities of US$5.9 million in 2017. The cash movement in 2018 was mainly attributable to the payments made for rental guarantee of US$2.2 million, and payments made for costs of US$6.9 million in relation to the non-completion of the proposed acquisition.

DIVIDENDS

The Board do not recommend payment of a final dividend in respect of the financial year ended 31 December 2018.

PROSPECTS

The Group will continue to look for suitable opportunities for future development and investment.

The Vigers Group, which provides property agency, appraisal and consultancy services, continues to make a positive contribution to the Group's operating results. In face of the severe competition in Hong Kong, the Vigers Group has been putting great efforts in developing its business in the PRC and Macau with a view to expanding its professional valuation services.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to the management and the staff of the Group for their loyalty and commitment. I would also like to thank our shareholders, customers, suppliers and business associates for their continuing support and confidence.

Eduard William Rudolf Helmuth Will,
Chairman

Authorised share capital	:	US$100,000,000
Issued and fully paid-up	:	US$50,666,666
Class of shares	:	Ordinary shares of US$2.00 each
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3,867	66.49	146,128	0.58
100 – 1,000	1,553	26.70	519,910	2.05
1,001 - 10,000	334	5.74	939,648	3.71
10,001 - 1,000,000	58	1.00	1,742,406	6.88
1,000,001 and above	4	0.07	21,985,241	86.78
	5,816	100.00	25,333,333	100.00

SUBSTANTIAL SHAREHOLDERS

		No. of Shares Direct Interests	%
1	Sino Capital Resources Limited**	19,264,561*	76.04
2	CTI Limited	1,610,874	6.36

* Mr Christopher Ho Wing-On is deemed to have interests in these shares as he is the owner of Sino Capital Resources Limited that owns directly 19,264,561 ordinary shares in the Company.

** 57.12% are held directly by Sino Capital Resources Limited and 18.92% are held on behalf in the name of Phillip Securities Pte Ltd as a Depository Registrar.

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Sino Capital Resources Limited	14,469,185	57.12
2	Phillip Securities Pte Ltd	4,804,995	18.97
3	CTI Limited	1,610,874	6.36
4	Lew Syn Pau	1,100,187	4.34
5	Choo Ah Seng	132,646	0.52
6	Vibrant Capital Pte Ltd	106,060	0.42
7	Raffles Nominees (Pte) Ltd	103,696	0.41
8	Gordon Cai Zhen Qiang	78,600	0.31
9	Ng Hwee Koon	70,000	0.28
10	Tan Kim Wah Jacob	66,000	0.26
11	DBS Nominees Pte Ltd	63,748	0.25
12	OCBC Securities Pte Ltd	57,991	0.23
13	Law Kwok Hung	57,456	0.23
14	Loh Ngiap Chew	50,100	0.20
15	Hong Pian Tee	40,340	0.16
16	Teo Ho Beng	40,000	0.16
17	Ng Seng Hong	34,920	0.14
18	CGS-CIMB Securities (Singapore) Pte Ltd	33,122	0.13
19	Tan Puay Yong	32,000	0.13
20	Wirtz Jochen	31,360	0.12
		22,983,280	90.74

PUBLIC SHAREHOLDERS

Based on information available to the Company as at 15 March 2019, 23.96% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual is complied with.

Lafe Corporation Limited (the "Company") is committed to ensuring that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long term shareholder value. The Company is also committed to maintaining a high standard of corporate governance by complying with the Code of Corporate Governance (the "Code") issued by the Corporate Governance Committee to promote investors' confidence and protect the interest of all shareholders. On 2 May 2012, the revised Code of Corporate Governance 2012 (the "Revised Code") was issued (which is effective from financial year commencing on or after 1 November 2012).

This report outlines the Company's corporate governance processes and structure that were in place with specific reference made to the Code and the Revised Code.

BOARD OF DIRECTORS

Principle 1: Effective Board To Lead And Control The Company

The Board comprises four executive directors and three independent directors, all with the right core competencies and diversity of experience which enable them to effectively contribute to the Company. The independent members of the Board include business leaders and professionals with broad experience in government and financial services – a mixture of knowledge and expertise to contribute to the Company's performance. We believe that this will enable the Company to deliver product excellence for our customers and superior returns to its shareholders.

The Board comprises:

Mr. Will, Eduard William Rudolf Helmuth
Chairman
Independent & Non-Executive
Date of Appointment: 1 March 2012
Mr. Will, Eduard William Rudolf Helmuth, aged 77, holds degrees from the Gymnasium St. Georg, Hamburg and the University of Hamburg. He has worked in Germany, New York, London, Hong Kong and is now based in Germany. Mr. Will has more than 44 years of experience as merchant banker, senior advisor and director of various public and private companies. Mr. Will's previous experience include heading international mergers and acquisitions for Amex Bank Ltd. in London, partner of Bear, Stearns and Company in London and New York and director of a subsidiary of Singapore Telecom Australia. Mr. Will is now a director of two Swedish companies, i.e. Systemhus Group and Sprinkle AB.

Mr. Christopher Ho Wing-On
CEO
Date of Appointment: 9 April 1999
Mr. Christopher Ho Wing-On, aged 68, graduated with a Bachelor of Commerce degree from the University of Toronto in 1974. Prior to 1991, he was a senior partner in a major accounting firm in Hong Kong. Mr. Christopher Ho Wing-On has extensive experience in manufacturing, corporate finance, international trade and real estate industries.

Mr. Paul Law Kwok Fai
Executive Director, Operations
Date of Appointment: 6 August 2010
Mr. Paul Law Kwok Fai, aged 62, holds Bachelor of Science, majoring in Computer Science & Mathematics from The University of Western Ontario, Canada. He has over 39 years of working experience with wide-exposure and knowledge in manufacturing, operations, information technology, project management and extensive exposure in PRC operations. Mr. Law chairs the Asset Management Committee for the Company.

Mr. Kenny Suen Wai Cheung
Executive Director, Operations
Date of Appointment: 6 August 2010
Mr. Kenny Suen Wai Cheung, aged 56, is Executive Director of Operations, Vice Chairman and Chief Executive Officer of Vigers Group, holds a Bachelor of Science (Honours) degree from De Montford University, United Kingdom. He is a Fellow of Royal Institution of Chartered Surveyors and Fellow of Hong Kong Institute of Surveyors. He has more than 32 years of experience in real estate development in United Kingdom, Hong Kong and PRC. Mr. Suen's global experience covers development appraisals, projects management, property sales and marketing for major institutional investors. He has served on a number of HKSAR Government Boards including Town Planning Appeals Board and the Inland Revenue Board of Review.

Mr. Paul Francis Gregory Binney
Executive Finance Director
Date of Appointment: 31 August 2018
Mr. Paul Francis Gregory Binney, aged 59, is Executive Finance Director of the Group and Company Secretary. He holds an MBA from the University of Warwick and a Bachelor of Commerce (Honours) Degree from University of Birmingham. He is a member of the Institute of Chartered Accountants in England and Wales. Mr. Paul Binney has extensive experience in finance and corporate accounting in manufacturing and operations worldwide.

Mr. Ricky Sim Eng Huat
Independent & Non-Executive
Date of Appointment: 28 April 2014
Mr Ricky Sim Eng Huat, aged 65,was appointed the Independent Non-Executive Director of Lafe Corporation on 28 April 2014. He chairs the Nominating Committee and is a member of the Audit as well as Remuneration Committee. Mr Sim started his career in 1977 with the Singapore Civil Service where he spent a total of 18 years, during which he had served 6 years in Hong Kong and 3 years in Bangkok as a diplomat. In 1994, he entered the private sector by joining Suntec Investment Group of Companies (SIPL) in Singapore. In addition to fulfilling the role of Chief Operating Officer of SIPL, Mr Sim was the Managing Director of Chesterton Suntec International Property Consultants from 1997 to 2013. He had been an Honorary Advisor to the Real Estate Developers Association of Singapore from 2005 to 2013 and member of the Singapore Institute of Directors since its founding in January 2000.

Mr Sim is also an Independent Non-Executive Director and Chairman of the Nominating Committee of both SK Jewellery Group Limited and Metech International Ltd. In Metech Board, he is concurrently the Chairman of the Remuneration Committee. He is also an Independent & Non-Executive Director of Mary Chia Holdings Ltd.

Mr. Kin Yuen
Independent & Non-Executive
Date of Appointment: 29 April 2016
Mr. Kin Yuen, aged 64, holds a Master of Business Administration degree from the University of Toronto, Canada. He is a Chartered Professional Accountant in Canada and he is a fellow member of the Hong Kong Institute of Certified Public Accountants, and of the Association of Chartered Certified Accountants. He has extensive experience in corporate finance, financial planning, reporting and management. He is currently an independent non-executive director of Huayi Tencent Entertainment Co. Ltd., formerly China Jiuhao Health Industry Corporation Ltd., which is an investment holding company principally engaged in entertainment and media businesses and it is listed on the Hong Kong Stock Exchange. He is also an independent non-executive director of Emerson Radio Corporation, a U.S. company engaged in distribution of consumer electronic products and electrical appliances, and It is listed on the American Stock Exchange. He is also an executive director of Culturecom Holdings Ltd., an investment holding company principally engaged in publishing businesses, and it is listed on the Hong Kong Stock Exchange. Mr. Yuen chairs both the Audit Committee and the Remuneration Committee for the Company.

INFORMATION ON KEY EXECUTIVES (NON-DIRECTOR)

Mr. Raymond Ho Kai Kwong, aged 56, is Managing Director of Vigers Group. Mr. Ho graduated from The Hong Kong Polytechnic University and holds the professional qualification of Registered Professional Surveyor. He is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors. Mr. Ho has over 33 years of experience in the field of valuation and real estate.

Ms. Bianca Leung Lai Sheung, aged 56, is Executive Director of Vigers Holdings Ltd.. She holds an MBA from Manchester Business School and a Diploma in Accounting from the University of Hong Kong. She has over 29 years of experience in finance and accounting and extensive experience in management.

Mr. David Cheung Wang Ip, aged 58, is Executive Director of Vigers Appraisal and Consulting Limited and Vigers Macao Company Limited. Based in Hong Kong, he leads Vigers' valuation teams in Hong Kong and oversees the Macau operation. He has a degree in General Practice Surveying. He is a corporate member of both the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors as well as a Member of Associacao da Avaliacao de Propriedade de Macau. He has over 33 years of experience in the field of valuation and feasibility study. He has extensive experience in valuing various kinds of assets including all common property types, leisure properties, infrastructure works such as toll roads, bridges, tunnels, power stations, water treatment plants etc. In addition, he has undertaken valuations for the flotation of several substantial IPO's in the Hong Kong Stock Market, Singapore Stock Market and other major Stock Exchanges. In terms of political qualification, he is a Member of 13th Shanxi Provincial Committee of the Chinese People's Political Consultative Conference.

Mr. Manjit Singh Gill, aged 52, is Managing Director of Vigers Group Singapore, holds a Masters of Business Administration from the State University of New York at Buffalo. His professional experiences have been in the electronics manufacturing, distribution, consumer electronics, retail and real estate sectors. Manjit has held operations management and general management positions in various entities, including Nakamichi Electronics, Sansui Sales and Jones Lang Lasalle, all of whom are major players in their respective industries.

ROLE OF THE BOARD

Principle 2: Strong And Independent Element on The Board

The Board meets regularly on a quarterly basis and ad-hoc Board meetings are convened as and when deemed necessary. Besides carrying out its statutory responsibilities, the Board oversees the formulation of the Group's business strategies and directions, review financial performance including approval of the annual and quarterly results, approve the nomination of directors and appointments to the various Board Committees, review the adequacy and integrity of internal control, and assume responsibility for corporate governance. With three independent directors out of seven, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

Apart from formal meetings, the members regularly contribute by providing guidance and advice to the Management.

To assist in the execution of its responsibilities, a number of Board Committees are established including an Audit Committee, an Asset Management Committee, a Nominating Committee and a Remuneration Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed regularly. The effectiveness of each committee is also constantly monitored.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2018

	Board Meetings	Audit Committee	Asset Management Committee	Nominating Committee	Remuneration Committee
No. of Meetings Held	5	5	2	2	1
Christopher Ho Wing-On	5	N/A	N/A	N/A	N/A
Paul Law Kwok Fai	5	N/A	2	N/A	N/A
Kenny Suen Wai Cheung	5	N/A	2	N/A	N/A
Paul Francis Gregory Binney	1	N/A	N/A	N/A	N/A
Will, Eduard William Rudolf Helmuth	5	5	2	2	1
Ricky Sim Eng Huat	5	5	N/A	2	1
Kin Yuen	5	5	N/A	2	1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: Chairman and CEO To Be Separate To Ensure Appropriate Balance of Power and Authority, Such That No One Individual Represents A Considerable Concentration of Power

The positions of CEO and Chairman of the Board were separated on 31 August 2018. The Board believes that the current Board Structure has sufficient safeguards and procedures to ensure appropriate balance of power and authority.

All major proposals and decisions made by the Chairman and CEO are discussed and reviewed by the appropriate sub committees and thereafter by the Board. As the Audit Committee, Nominating Committee and Remuneration Committee consist of independent directors, the Board believes that there are sufficient strong and independent procedures and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

Further, the independent directors make up just under half of the Board and one of these being the Chairman.

ACCESS TO INFORMATION / ACCOUNTABILITY

Principle 6: Board Members To Have Complete, Adequate And Timely Information

Principle 10: The Board Is Accountable To Shareholders; Management Is Accountable To The Board

All Board members are provided with timely notices and information prior to board meetings as and when the need arises. Most of the formal board meetings are held overseas. The Bye-Laws of the Company provide for directors to convene meetings by teleconferencing or videoconferencing. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means which include electronic mail, teleconferencing and videoconferencing.

EXECUTIVE COMMITTEE

The Executive Committee comprises four Executive Directors as at the date of this report, namely:

Mr. Christopher Ho Wing-On
Mr. Paul Law Kwok Fai
Mr. Kenny Suen Wai Cheung
Mr. Paul Francis Gregory Binney

The aim of the Executive Committee is to generally act for the Board in the day to day management of the Company, within the limits of the Companies Act 1981 of Bermuda (as amended from time to time) and the Memorandum of Association and Bye-Laws of the Company. The approval of the Board will be required for providing any single corporate guarantee exceeding US$10 million or its equivalent, approval and submission of financial results to the Singapore Exchange Securities Trading Limited and the approval of entering into contracts relating to non-core businesses to the value of 20% or more of the Net Tangible Assets.

If there are any resolutions approved by the Executive Committee, the resolutions approved are tabled at the next quarterly physical meeting of the Board of Directors, for information.

The Board has separate and independent access to the Company Secretary and senior management executives of the Company at all times in carrying out their duties.

ASSET MANAGEMENT COMMITTEE

The Asset Management Committee comprises two Executive Directors and an independent director as at the date of this report, namely:

Mr. Paul Law Kwok Fai (Chairman)
Mr. Kenny Suen Wai Cheung
Mr. Will, Eduard William Rudolf Helmuth

The aim of the Asset Management Committee is to review, evaluate and recommend to the Board the Company's asset deployment strategies and initiatives.

REMUNERATION COMMITTEE

Principle 7: Formal And Transparent Procedure For Fixing Remuneration Packages of Directors

Principle 8: Remuneration of Directors Should Be Adequate But Not Excessive

Principle 9: Disclosure On Remuneration Policy, Level And Mix Of Remuneration, And Procedure For Setting Remuneration

The Remuneration Committee comprises three independent directors (including the Chairman) as at the date of this report, namely:

Mr. Kin Yuen (Chairman)
Mr. Will, Eduard William Rudolf Helmuth
Mr. Ricky Sim Eng Huat

The aim of the Remuneration Committee is to set a policy framework of remuneration for the Board and key executives to ensure that there is a continual development of talent and renewal of strong and sound leadership for the continued success of the business and the Company. Apart from fees and salaries, the Remuneration Committee will also examine all elements of the remuneration, terms of employment, allowances, reward structure and other benefits in kind.

The remuneration of directors and key executives are set out below:

			Fee %	Salary %	Bonus %	Allowances & benefit %	Total %
a)	**Directors of the Company**						
	i)	S$500,000 to S$749,999					
		Christopher Ho Wing-On	–	89	11	–	100
	ii)	S$250,000 to S$499,999					
		Paul Law Kwok Fai	–	77	–	23	100
		Kenny Suen Wai Cheung	–	100	–	–	100
	iii)	Below S$250,000					
		Will, Eduard William Rudolf Helmuth	100	–	–	–	100
		Ricky Sim Eng Huat	100	–	–	–	100
		Kin Yuen	100	–	–	–	100
		Paul Francis Gregory Binney	–	100	–	–	100
b)	**Key Executives of the Group**						
	i)	S$250,000 to S$499,999					
		David Cheung Wang Ip	–	77	22	1	100
		Raymond Ho Kai Kwong	–	94	5	1	100
		Bianca Leung Lai Sheung	–	92	7	1	100
		Manjit Singh Gill	–	81	15	4	100

The Group has no employee share option scheme as of the date of the report.

Paragraph 9.2 of the Revised Code states that the Company should fully disclose the remuneration of each individual director and the CEO on a named basis. The Company has not disclosed the remuneration of each individual director and the CEO on a named basis. The Board after weighing the advantages and disadvantages of such disclosure is of the view that full disclosure of the actual remuneration of each director and the CEO would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Board is of the opinion that the information disclosed in the Annual Report is sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in respect of the directors and the CEO.

Paragraph 9.3 of the Revised Code states that the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). The Company has not disclosed the total aggregate remuneration of the top five key management personnel (who are not directors or the CEO). The Company has only four key management personnel (who are not directors or the CEO). In respect of such persons, the Board after weighing the advantages and disadvantages of such disclosure is of the view that full disclosure of the aggregate total remuneration paid to such persons would not be in the interests of the Company as such information is confidential and sensitive, and could be exploited by competitors. The Board is of the opinion that the information disclosed in the Annual Report is sufficient for shareholders to have an adequate appreciation of the Company's compensation policies and practices in respect of the Company's key management personnel.

NOMINATING COMMITTEE

Principle 4: Formal And Transparent Process For Appointment And Re-Appointment Of Directors

Principle 5: Formal Assessment Of The Effectiveness Of The Board As A Whole And The Performance Of Individual Directors

The Nominating Committee comprises three independent directors as at the date of this report, namely:

Mr. Ricky Sim Eng Huat (Chairman)
Mr. Will, Eduard William Rudolf Helmuth
Mr. Kin Yuen

The Nominating Committee's objective is to ensure that the Directors of the Board will provide the required mix of responsibilities, skills and experience. The Nominating Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member. The Nominating Committee shall conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

Pursuant to the Company's Bye-Laws 86(1) and 86(2), each Director shall retire at least once every three (3) years and a retiring Director shall be eligible for re-election at the annual general meeting of the Company. In addition, the Company's Bye-Law 85(6) provides that any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

AUDIT COMMITTEE

Principle 12: Establishment Of Audit Committee with Written Terms Of Reference

The Audit Committee comprises three independent directors (including the Chairman) as at the date of this report, namely:

Mr. Kin Yuen (Chairman)
Mr. Ricky Sim Eng Huat
Mr. Will, Eduard William Rudolf Helmuth

The Audit Committee oversees all aspects of the external audit process, particularly the cost effectiveness and the independence of the external auditors. Annually, the Audit Committee meets with the external auditors separately without the presence of Management to review the adequacy of audit arrangements, with particular emphasis on the observation of the auditors, the scope and quality of their audit, the objectivity of the auditors and to review of all non-audit services provided by the auditors. The Audit Committee will recommend to the Board appointment or re-appointment of external auditors.

The Audit Committee is satisfied with the objectivity and independence of the external auditors, and they recommend the re-appointment of Messrs Baker Tilly TFW LLP. For the financial year ended 31 December 2018, Messrs Baker Tilly TFW LLP had been appointed as the scrutineer for the shareholders' meetings of the Company.

To provide the shareholders with a balanced and understandable assessment of the Company's performance, position and prospects, annual and quarterly financial statements and announcements to shareholders are reviewed by the Audit Committee before submission to the Board for adoption. The Audit Committee reviews the financial statements with emphasis on (i) changes in accounting policies and practices, if any; (ii) significant matters arising from the audit, if any; and (iii) compliance with relevant accounting standards and legal requirements.

The Audit Committee also reviews Interested Person Transactions to ensure that they are conducted on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The Audit Committee is authorised to investigate any matter within its terms of reference, and has full access to the Management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive to attend its meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: Sound System Of Risk Management And Internal Controls

The Board recognises the need to put in place a system of risk management and internal controls of the Company's procedures and processes to safeguard shareholders' interests and the Company's assets. In this regard, the internal audit function is responsible for overseeing the risk management function and identifying deficiencies in internal control and reports directly to the Audit Committee.

The Board is of the opinion with the concurrence of the Audit Committee that the system of internal controls including financial, operational, compliance and information technology controls and risk management systems maintained by the Company's management throughout the financial year is adequate and effective to meet the needs of the Group in its current business environment.

For the financial year ended 31 December 2018, the Board has received the assurance from the CEO and the Executive Finance Director that:

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

2) the system of internal controls in place for the Group is adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations; and

3) the risk management systems in place for the Group are adequate and effective to address the risks which the Group considers relevant and material to its operations.

INTERNAL AUDIT

Principle 13: Independent Internal Audit Function

The Company has an in-house internal audit team. The internal auditors report functionally to the Audit Committee and administratively to management. In this regard, the Audit Committee is empowered to review any of the accounting, auditing and financial practices, with access to records and management personnel, to enable it to discharge its functions.

The Internal Auditors submit their annual audit schedule for approval by the Audit Committee and report their findings direct to the Audit Committee. The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Group. In the year under review, the Internal Auditors carried out reviews on certain areas to assess and evaluate:

1) if adequate systems of internal control are in place and functioning as management intended;

2) if operations of the business processes under review are conducted efficiently and effectively; and

3) the Group's material risk factors and related risk management policies and procedures.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Treat All Shareholders Fairly and Equitably, And Recognise, Protect And Facilitate The Exercise Of Shareholders' Rights

Principle 15: Regular, Effective And Fair Communication With Shareholders

Principle 16: Greater Shareholder Participation At Annual General Meetings

The Company strives for timeliness in the dissemination of financial results and corporate developments to the shareholders and the financial community by broadcasting through SGXNET. In addition, the Company's website www.lafecorporation.com keeps the public informed about developments in the Company's products and services. The Company's website has been upgraded and the information on the Company is clearly provided. Up to date information is posted in a timely manner.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. At shareholders' meetings, each distinct issue is proposed as a separate resolution. The Chairman of the Audit, Asset Management, Nominating and Remuneration Committees are present to address questions at the Annual General Meeting. External auditors are also present at the Annual General Meeting to assist the Directors to address shareholders' queries, if necessary.

APPOINTMENT OF AUDITORS

The Board confirms that with reference to Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board and the Audit Committee of the Company are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Board confirms that the Company has complied with Rule 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

DEALINGS IN SECURITIES

Directors and all officers involved in the preparation of the Company's financial results were reminded not to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of its full year financial statements.

The Company has its own internal compliance code to provide guidance for both Directors and employees on their dealings with the Company's securities.

The Officers of the Company are reminded not to deal with the Company's securities on short term considerations.

CORPORATE DISCLOSURE

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company gives full disclosure in all public announcements, press releases and annual reports.

The Board is satisfied with the Company's commitment to comply with the Code of Corporate Governance, and on the adequacy of internal controls within the Company.

None of the employees of the Company and of the Group's subsidiaries are an immediate family member of any director or CEO of the Company and of the Group's subsidiaries.

The directors hereby present their report to the members together with the audited consolidated financial statements of Lafe Corporation Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

DIRECTORS

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

Executive directors:
Christopher Ho Wing-On
Paul Law Kwok Fai
Kenny Suen Wai Cheung
Paul Francis Gregory Binney (Appointed on 31 August 2018)

Independent and Non-executive directors:
Will, Eduard William Rudolf Helmuth
Ricky Sim Eng Huat
Kin Yuen

Mr, Paul Francis Gregory Binney offers himself for election at the forthcoming Annual General Meeting in accordance with the Company's Bye-laws 85(6). All other Directors continue in office. The term of office of each non-executive director is the period up to his re-appointment by rotation or retirement in accordance with the Company's Bye-laws.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group's subsidiaries are described in Note 34 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no acquisitions and disposals of subsidiaries.

RESULTS FOR THE FINANCIAL YEAR

	Group US$'000
Net loss for the year	(10,849)
Accumulated losses at the beginning of the year (restated)	(21,596)
Losses before appropriation	(32,445)
Dividend paid	–
Accumulated losses at the end of the year	(32,445)

MATERIAL TRANSFERS TO/FROM RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the accompanying financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, there were no shares or debentures issued by the Company and its subsidiaries.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

Particulars of interests of directors, who held office at the end of the reporting period, in shares of the Company are stated below:

	Shareholdings registered in the name of the directors			Shareholdings in which directors are deemed to have an interest		
	1 Jan 2018	31 Dec 2018	21 Jan 2019	1 Jan 2018	31 Dec 2018	21 Jan 2019
Ordinary shares of US$2 each						
Christopher Ho Wing-On	–	–	–	19,264,561*	19,264,561*	19,264,561*

* Mr. Christopher Ho Wing-On is deemed to have interests in these shares as he is the owner of Sino Capital Resources Ltd that owns directly 19,264,561 ordinary shares in the Company.

DIVIDENDS

There were no dividends paid or declared for both financial years ended 31 December 2018 and 2017.

The directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2018 (2017: Nil).

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial interest except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OPTIONS TO TAKE UP UNISSUED SHARES

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted nor were there issue of shares from the exercise of any option to take up unissued shares. At the end of the reporting period, there were no unissued shares of the Company or any corporation in the Group under option.

INDEPENDENT AUDITOR

A resolution will be submitted at the annual general meeting to re-appoint the auditor, Messrs Baker Tilly TFW LLP, as the independent auditor of the Company for the coming financial year.

On behalf of the Board of Directors

Will, Eduard William Rudolf Helmuth
Chairman

Paul Law Kwok Fai
Executive Director

2 April 2019

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 23 to 76 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with International Financial Reporting Standards; 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.

On behalf of the Board of Directors

Will, Eduard William Rudolf Helmuth
Chairman

Paul Law Kwok Fai
Executive Director

2 April 2019

To the Members of Lafe Corporation Limited

(Incorporated in Bermuda with Limited Liability)

For the financial year ended 31 December 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lafe Corporation Limited (the Company) and its subsidiaries (the Group) as set out on pages 23 to 76, which comprise the statements of financial position of the Group and the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 5a to the financial statements with respect to the Group's ability to continue as a going concern. During the financial year ended 31 December 2018, the Group incurred a net loss of US$10,849,000 (2017: US$468,000). At 31 December 2018, the Group's current liabilities exceeded its current assets by US$3,435,000. In addition, the net cash used in operating activities during the year was US$13,565,000 (2017: US$5,877,000). These factors indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The financial statements are prepared on a going concern basis because the holding company has confirmed its intention to provide continuing assistance in funding and financing the Group to enable the Group to meet its general working capital requirements as and when deemed necessary. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Impairment assessment of trademark

As disclosed in Notes 5b(i) and 18 to the consolidated financial statements of the Group, the Group has trademark with carrying amount of US$5,169,000 (2017: US$5,179,000) which is allocated to the cash generating unit (CGU) comprising operations in Hong Kong and the People's Republic of China.

Trademark with an indefinite useful life is required to be tested for impairment annually.

Impairment assessment of trademark is considered to be a key audit matter due to the significance of the asset to the Group's consolidated financial position, and due to the estimation involved in the assessment of the value in use of the CGU performed by the management. The estimation relates to the future results of the CGU and the discount rates applied to future cash forecasts.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Impairment assessment of trademark (continued)

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process.

We assessed the key estimates to the value in use calculation by comparing the forecasts to historical data and publicly available industry data and compared previous estimates to actual results achieved. We assessed the sensitivity of the key estimates on the impairment assessment. We involved our valuation specialists in assessing the valuation methodology and the reasonableness of the terminal growth rate and discount rate used.

We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

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 and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 ISAs 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.

To the Members of Lafe Corporation Limited
(Incorporated in Bermuda with Limited Liability)
For the financial year ended 31 December 2018

Report on the Audit of the Financial Statements (continued)

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

As part of an audit in accordance with ISAs, 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Guo Shuqi.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

2 April 2019

GROUP

	Note	**2018** **US$'000**	2017 US$'000
Revenue	7	**14,587**	13,054
Cost of sales		**(11,422)**	(9,796)
Gross profit		**3,165**	3,258
Administrative costs		**(9,436)**	(8,987)
Net impairment gains/(losses) on financial assets		**11**	(3)
Other net (loss)/gain	8a	**(5,691)**	4,131
Interest income	8b	**1,349**	1,337
Finance costs	9	**(202)**	(183)
Loss before taxation	10	**(10,804)**	(447)
Taxation	11	**(45)**	(21)
Loss for the year		**(10,849)**	(468)
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value changes on available for sale financial assets		**–**	25
Currency translation differences arising on consolidation		**(12)**	(389)
Item that will not be reclassified subsequently to profit or loss:			
Revaluation loss on property, plant and equipment		**–**	(343)
Financial assets at fair value through other comprehensive income			
- Fair value losses - equity instruments		**(21)**	–
Other comprehensive loss for the year, net of tax		**(33)**	(707)
Total comprehensive loss for the year		**(10,882)**	(1,175)
Loss per share			
Attributable to equity holders of the Company			
Basic and diluted loss per share (US cents)	12	**(42.83)**	(1.85)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

GROUP

	Note	**2018** **US$'000**	2017 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**364**	369
Trademark	18	**5,169**	5,179
Available-for-sale financial assets	15	**–**	36
Financial assets at fair value through other compehrensive income	16	**15**	–
Non-trade receivable from a related party	17	**43,509**	44,441
Other non-current assets	19	**386**	271
Total non-current assets		**49,443**	50,296
Current assets			
Trade and other receivables	20	**4,503**	2,640
Other current assets	19	**451**	302
Cash and cash equivalents	22	**1,008**	9,621
Total current assets		**5,962**	12,563
Total assets		**55,405**	62,859
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**50,667**	50,667
Reserves		**(7,364)**	3,542
Total equity		**43,303**	54,209
Non-current liabilities			
Other payables	24	**108**	–
Provisions	26	**1,796**	3,731
Deferred tax liabilities	27	**801**	769
Total non-current liabilities		**2,705**	4,500
Current liabilities			
Trade and other payables	24	**2,601**	2,045
Provisions	26	**1,679**	2,071
Loans from holding company	25	**5,096**	–
Non-trade payables to related parties	28	**–**	10
Tax payable		**21**	24
Total current liabilities		**9,397**	4,150
Total liabilities		**12,102**	8,650
Total equity and liabilities		**55,405**	62,859

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

COMPANY

	Note	2018 US$'000	2017 US$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	14	**–**	–
Available-for-sale financial assets	15	**–**	26
Financial assets at fair value through other comprehensive income	16	**11**	–
Other non-current asset	19	**–**	–
Total non-current assets		**11**	26
Current assets			
Other current assets	19	**24**	23
Non-trade receivables from subsidiaries	21	**49,856**	54,222
Cash and cash equivalents	22	**3**	2
Total current assets		**49,883**	54,247
Total assets		**49,894**	54,273
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**50,667**	50,667
Reserves		**(9,301)**	(2,201)
Total equity		**41,366**	48,466
Non-current liability			
Provisions	26	**1,445**	3,436
Current liabilities			
Trade and other payables	24	**308**	300
Loans from holding company	25	**5,096**	–
Provisions	26	**1,679**	2,071
Total current liabilities		**7,083**	2,371
Total liabilities		**8,528**	5,807
Total equity and liabilities		**49,894**	54,273

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

GROUP

		← Reserves →							
	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Revaluation reserve US$'000	Fair value reserve US$'000	Exchange reserve US$'000	Accumulated profits/ (losses) US$'000	Total reserves US$'000	Total equity US$'000
Balance at 1 January 2017	50,667	27,171	24	1,910	(3)	605	(24,990)	4,717	55,384
Loss for the year	–	–	–	–	–	–	(468)	(468)	(468)
Other comprehensive (loss)/income for the year									
Revaluation loss recognised during the year	–	–	–	(343)	–	–	–	(343)	(343)
Fair value changes on available-for-sale financial asset	–	–	–	–	25	–	–	25	25
Disposal of property, plant and equipment	–	–	–	(1,567)	–	–	1,567	–	–
Currency translation differences arising on consolidation	–	–	–	–	–	(389)	–	(389)	(389)
Other comprehensive (loss)/ income for the year, net of tax	–	–	–	(1,910)	25	(389)	1,567	(707)	(707)
Total comprehensive (loss)/ income for the year	–	–	–	(1,910)	25	(389)	1,099	(1,175)	(1,175)
Balance at 31 December 2017	50,667	27,171	24	–	22	216	(23,891)	3,542	54,209
Effect of adoption of new accounting standards (Note 3(a))	–	–	–	–	(2,295)	–	2,295	–	–
Balance at 1 January 2018, restated	50,667	27,171	24	–	(2,273)	216	(21,596)	3,542	54,209
Loss for the year	–	–	–	–	–	–	(10,849)	(10,849)	(10,849)
Other comprehensive (loss)/income for the year									
Fair value losses on financial assets at fair value through other comprehensive income	–	–	–	–	(21)	–	–	(21)	(21)
Currency translation differences arising on consolidation	–	–	–	–	–	(36)	–	(36)	(36)
Other comprehensive loss for the year, net of tax	–	–	–	–	(21)	(36)	–	(57)	(57)
Total comprehensive loss for the year	–	–	–	–	(21)	(36)	(10,849)	(10,906)	(10,906)
Balance at 31 December 2018	**50,667**	**27,171**	**24**	**–**	**(2,294)**	**180**	**(32,445)**	**(7,364)**	**43,303**

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

COMPANY

		Reserves				
	Share capital US$'000	**Share premium US$'000**	**Fair value reserve US$'000**	**Accumulated profits/ (losses) US$'000**	**Total reserves US$'000**	**Total equity US$'000**
Balance at 1 January 2017	50,667	27,171	(2)	(31,918)	(4,749)	45,918
Profit for the year	–	–	–	2,530	2,530	2,530
Other comprehensive income for the year						
Fair value changes on available-for-sale financial asset	–	–	18	–	18	18
Total comprehensive income for the year	–	–	18	2,530	2,548	2,548
Balance at 31 December 2017	50,667	27,171	16	(29,388)	(2,201)	48,466
Loss for the year	–	–	–	(7,085)	(7,085)	(7,085)
Other comprehensive income for the year						
Fair value losses on financial assets at fair value through other comprehensive income	–	–	(15)	–	(15)	(15)
Total comprehensive loss for the year	–	–	(15)	(7,085)	(7,100)	(7,100)
Balance at 31 December 2018	**50,667**	**27,171**	**1**	**(36,473)**	**(9,301)**	**41,366**

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

GROUP

	2018 **US$'000**	2017 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(10,804)**	(447)
Adjustments for:		
Depreciation of property, plant and equipment (Note 13)	**145**	136
Provision for staff benefits (Note 26(ii))	**56**	32
Net impairment (gains)/losses on financial assets	**(11)**	3
(Reversal of provision)/provision for rental guarantee (Note 26(i))	**(239)**	179
Gain on disposal of property, plant and equipment (Note 8a)	**(1)**	(69)
Discount on provision unwound (Note 9)	**134**	129
Interest expenses (Note 25)	**59**	44
Interest income	**(1,349)**	(1,337)
Unrealised foreign exchange (gain)/loss	**(84)**	459
Write off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven (Note 8a)	**5,229**	–
Operating cash flow before working capital changes	**(6,865)**	(871)
Changes in working capital		
Trade and other receivables and other current assets	**(7,346)**	(706)
Trade and other payables	**654**	153
Provisions	**(2,192)**	(1,955)
Currency translation adjustments	**909**	(3,775)
Cash used in operations	**(14,840)**	(7,154)
Taxation paid	**(15)**	(13)
Interest paid (Note 25)	**(59)**	(44)
Interest received	**1,349**	1,334
Net cash used in operating activities	**(13,565)**	(5,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment (Note 13)	**(144)**	(426)
Proceeds from disposal of property, plant and equipment	**2**	5,155
Net cash (used in)/generated from investing activities	**(142)**	4,729
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from holding company (Note 25)	**5,224**	–
Repayment of loans from holding company (Note 25)	**(128)**	–
Repayment of bank loans	**–**	(2,030)
Net cash generated from/(used in) financing activities	**5,096**	(2,030)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(8,611)**	(3,178)
Cash and cash equivalents at beginning of the financial year	**9,621**	12,809
Effects of exchange rate changes on cash and cash equivalents	**(2)**	(10)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**1,008**	9,621

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

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

1 CORPORATION INFORMATION

The Company was incorporated on 8 April 1999 as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda with its registered office at Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda and principal place of business at 119 Emerald Hill Road, #12-01 Residences at Emerald Hill, Singapore 229401. The shares of the Company are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). In the opinion of the Directors, the Company's immediate and ultimate holding company is Sino Capital Resources Limited which is incorporated in the British Virgin Islands.

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in Note 34.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 2 April 2019.

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements presented in United States dollar are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

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.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 5 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE

(a) New and amended standards

In the current financial year, the Group has adopted all the new and revised IFRS issued by the IASB and interpretations issued by the International Financial Reporting Standards Interpretations Committee ("IFRIC Interpretations") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and IFRIC Interpretations.

The adoption of these new/revised IFRS and IFRIC Interpretations did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 'Revenue', IAS 11 'Construction contracts' and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. IFRS 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in IFRS 15 by applying a 5-step approach.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings as at 1 January 2018.

Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed as at this date. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of IFRS 15 does not have any material impact to the financial position and results of the Group and the Company.

The adoption of IFRS 15 did not have a material impact on other comprehensive income or the Group's operating, investing and financing cash flows.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on expected credit loss model and replace IAS 39 incurred loss model.

The Group and the Company applied IFRS 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under IAS 39.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(a) New and amended standards (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement

Under IFRS 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following are the changes in classification and measurement arising from adopting IFRS 9:

- Loans and receivables (including trade and other receivables (excluding tax recoverable), other non-current and current assets (excluding prepayments), non-trade receivables from a related party and cash and cash equivalents) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018;

- Investment in quoted equity shares classified as available-for-sale ("AFS") financial assets and unquoted equity shares classified as AFS financial assets at cost as at 31 December 2017 are classified and measured as equity instrument designated at fair value through other comprehensive income ("FVOCI") beginning 1 January 2018. The Group elected to classify irrevocably its equity investments under this category at the date of initial application as it intends to hold these investments on a long-term basis.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities. The following summarises the required or elected reclassifications as at 1 January 2018 upon adoption of IFRS 9:

Group

		IFRS 9 measurement category	
IAS 39 measurement category	**Original carrying amount US$'000**	**Amortised cost US$'000**	**FVOCI US$'000**
Loans and receivables			
Trade and other receivables	2,635	2,635	–
Non-trade receivable from a related party	44,441	44,441	–
Other non-current and current assets	398	398	–
Cash and cash equivalents	9,621	9,621	–
Available-for-sale financial assets			
Quoted equity shares	36	–	36
Unquoted equity shares	–	–	–

For the previously held AFS unquoted equity shares measured at FVOCI, cumulative impairment charge of US$2,295,000 previously recognised in profit or loss were reclassified from accumulated losses to fair value reserve as at 1 January 2018.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(a) New and amended standards (continued)

IFRS 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

Company

		IFRS 9 measurement category	
IAS 39 measurement category	**Original carrying amount US$'000**	**Amortised cost US$'000**	**FVOCI US$'000**
Loans and receivables			
Non-trade receivable from subsidiaries	54,222	54,222	–
Cash and cash equivalents	2	2	–
Available-for-sale financial assets			
Quoted equity shares	26	–	26

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of IFRS 9, the Group did not recognised additional impairment on the Group's financial assets at amortised cost.

At the date of intital application and 31 December 2018, the Group and the Company have assessed that the adoption of IFRS 9 does not have any material impact to the financial position and results of the Group and the Company.

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company, except as disclosed below:

IFRS 16 Leases

IFRS 16 replaces the existing IAS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

3 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING STANDARDS INTERPRETATIONS COMMITTEE (continued)

(b) Standards, amendments and interpretations to existing standards that are issued, revised or amended but are not yet effective (continued)

IFRS 16 Leases (continued)

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 16 at the date of initial application in the opening retained earnings as at 1 January 2019. Right-of-use assets for leases are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The Group does not expect the adoption of IFRS 16 to have significant impact on its financial position and financial results for the financial year ended 31 December 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Revenue recognition

Valuation and consulting services

The Group provides valuation and consulting services that include market-value appraisal and building consulting services such as property valuation and condition reports. The Group is compensated for appraisal services in the form of a fee, which is payable on the occurrence of certain events (e.g. a portion on the delivery of a draft report with the remaining on the delivery of the final report). For consulting services, the Group is paid based on event-based milestones (such as the delivery of draft reports). At contract inception, the Group will analyse the scope of works required and assess whether the revenue is to be recognised over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date. The customised reports have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. Such services are recognised as performance obligation satisfied over time by reference to the Group's progress towards completing the performance obligation. The measure of progress is determined based on proposal, draft or final reports produced or customer acknowledgement of work performed that corresponds directly with the value to customer of the Group's performance completed to date.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the reports was produced and the customers have accepted in accordance with the sales contract. The Group will bill to customer upon submission of report and acceptance by customers. The customers are required to pay within 30 days from the invoice date. No element of financing is deemed present.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Revenue recognition (continued)

Other services - Property management, security guard, cleaning, close protection and employee outsourcing services

The Group provides other services that include day-to-day property management, security guard and cleaning services on a contractual basis for owners of residential and commercial properties as well as close protection services to customers and employee outsourcing services to a government authority. The Group is compensated for services through a monthly fee earned based on the promised consideration in the relevant agreements. All these services represent a series of distinct daily services rendered over time and such services are recognised as a performance obligation satisfied over time as the Group transfers the benefit of the services to the customer as it performs. Consistent with the transfer of control for distinct and daily services to the customer, revenue is recognised at the end of each period for the fees associated with the services performed.

Arrangements for security guard services

The Group enters into arrangements with customers who are owners of residential properties to engage third party security guard services on behalf of the customers. The Group recognises a service fee, being the net amount of the consideration that the Group retains after paying the third party service provider the consideration it is entitled to in exchange for the services. The Group has assessed the arrangements with the customers to determine whether the Group is acting as an agent or a principal and determined that the Group is acting as an agent as the Group is unable to control the performance obligations by the third party service provider.

Interest income

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

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 specific rental agreements.

4.2 Subsidiaries

Subsidiaries are entities controlled by the Group. 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.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

4.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Basis of consolidation (continued)

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

4.4 Property, plant and equipment

Cost and measurement

Land and building are initially recorded at cost. Freehold land is subsequently stated at revalued amount less accumulated impairment losses. Building is subsequently carried at revalued amounts less accumulated depreciation and accumulated impairment losses. Their fair values are determined by an independent professional valuer every year and whenever their carrying amounts are likely to differ materially from their fair values.

Other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

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

When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the assets. Any increase in the carrying amount arising from revaluation is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss; and any amount in asset revaluation reserve relating to that asset is transferred to accumulated profits directly.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment (continued)

Depreciation

No depreciation is provided on freehold land.

Depreciation is calculated on a straight-line basis to write off the cost or revalued amount of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Freehold building	50 years
Leasehold improvements	Shorter of lease terms or 3 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	4 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

4.5 Trademark

Trademark acquired in a business combination is recognised at fair value at the acquisition date. Trademarks with indefinite useful lives are not subject to amortisation, but are tested for impairment annually or more frequently when there are indications of impairment.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

4.6 Impairment of non-financial assets

At each reporting date, the Group assesses 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). 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Impairment of non-financial assets (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.7 Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.8 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of assets or liabilities that affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets

The accounting policy for financial assets before 1 January 2018 are as follows:

a) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the 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 included in current assets, except those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables", "other non-current and current assets" (excluding prepayments), "non-trade receivable from a related party" and "cash and cash equivalents" on the statements of financial position.

ii) Financial assets, available-for-sale

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables financial assets are carried at amortised cost using the effective interest method, less impairment.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assets before 1 January 2018 are as follows (continued):

e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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.

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

ii) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve 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 on that financial asset previously recognised. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assets from 1 January 2018 onwards are as follows:

a) 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. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

b) Classification and measurement

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

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

c) Subsequent measurement

i) *Debt instruments*

Debt instruments include cash and cash equivalents, trade and other receivables, other non-current and current assets (excluding prepayments) and non-trade receivable from a related party. The subsequent measurement category depends on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Financial assets (continued)

The accounting policy for financial assets from 1 January 2018 onwards are as follows (continued):

c) Subsequent measurement (continued)

ii) *Equity instruments*

The Group has designated all of its equity investments that are not held for trading as FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

d) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

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

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

4.10 Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial liabilities

Financial liabilities include trade and other payables (excluding provision for unutilised leave), non-trade payables to related parties and loans from holding company.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

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

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

4.12 Share capital

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

4.13 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

4.14 Borrowing costs

Borrowing costs are recognised in the profit or loss using the effective interest method.

4.15 Employee benefits

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

i) Provision for staff benefits

Staff benefits are provided based on the employees' salaries and their respective length of service in accordance with the applicable rules and regulations in their respective countries of employment.

ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Employee benefits (continued)

iii) Retirement benefits scheme contributions

The retirement benefits scheme contributions charged in the profit or loss represent the amount of contributions payable by the Group's defined contribution scheme in respect of the current financial year. The Group has no further payment obligations once the contributions have been paid.

iv) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

4.16 Foreign currencies

i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in United States Dollar ("US$"), which is the Company's functional currency and the presentation currency for the financial statements.

ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the exchange reserve within equity in the consolidated financial statements. The exchange reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities are translated at the closing rates at the end of the reporting period;

b) 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 transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

c) All resulting exchange differences are recognised in the exchange reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

iii) Translation of Group entities' financial statements (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On the disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

4.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

4.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the statements of financial position except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

a) Critical judgements in application of the accounting policies

In the process of applying the Group's accounting policies, which are described in Note 4, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

Going concern assumption

The Group incurred a loss after tax of US$10,849,000 (2017: US$468,000) during the financial year ended 31 December 2018 and as at that date, the Group's current liabilities exceeded its current assets by US$3,435,000. In addition, the net cash used in operating activities during the year was US$13,565,000 (2017: US$5,877,000). These factors indicate the existence of a material uncertainty which could impact the Group's ability to continue as a going concern.

The holding company has confirmed its intention to provide continuing assistance in funding and financing the Group to enable the Group to meet its general working capital requirements as and when deemed necessary. The holding company has further confirmed its intention that it will not call for repayment of the outstanding loans unless the Group has alternative sources of funds for repayment or have generated sufficient funds to continue the Group's operations after repayment of the loan. With the financial support from the holding company, the directors consider that the Group will be able to continue operating as a going concern.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

a) Critical judgements in application of the accounting policies (continued)

Going concern assumption (continued)

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

b) Key sources of estimation uncertainty

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

i) Impairment of trademark

As disclosed in Note 18, the recoverable amount of the cash generating unit ("CGU") which trademark has been allocated to is determined based on value in use ("VIU") calculation. The VIU calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate, in order to determine the present value of those cash flows. The key assumptions applied in the determination of VIU including a sensitivity analysis, are disclosed and further explained in Note 18.

ii) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on non-trade receivable from a related party and subsidiaries is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of non-trade receivable from a related party and subsidiaries. Details of ECL measurement and carrying value of non-trade receivable from a related party and subsidiaries at reporting date are disclosed in Notes 17, 21 and 35(c).

iii) Provision for rental guarantee

In determining whether a provision is adequate requires management to estimate the future cash payments expected to arise pursuant to a guaranteed rental agreement entered into with a former subsidiary, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD") and a suitable discount rate in order to calculate the present value. As at 31 December 2018, the carrying amount of provision for rental guarantee was US$3,124,000 (2017: US$5,507,000) (Note 26(i)). The management has considered the most significant assumption used is that the existing rental contracts expiring before the end of the rental guarantee period will be renewed at the existing rental rates. Management is of the view that a reasonably possible change in the rental rates and occupancy rates will not result in any material adjustment to the carrying amount of provision for rental guarantee.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

b) Key sources of estimation uncertainty (continued)

iv) Contingent liabilities

In determining whether provision is necessary for contingent liabilities, management makes an assessment on the facts and merits of the legal claims and takes into consideration legal opinions obtained. As disclosed in Note 31, the Group has one outstanding legal claim made against them for which management is of the view that no provision is necessary at the end of the reporting period.

6 SEGMENT INFORMATION

The Group has adopted IFRS 8 Operating segments that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

Business segment	**Principal activities**
Property	Property sales and property related services

The Group's revenue and results analysed by business segment are as follows:

Business Segment

	Group	
	Property/Consolidated	
	2018	2017
	US$'000	US$'000
Revenue		
Revenue	**14,587**	13,054
Result		
Segment result	**(10,602)**	(264)
Finance costs	**(202)**	(183)
Loss before taxation	**(10,804)**	(447)
Taxation	**(45)**	(21)
Loss after taxation	**(10,849)**	(468)
Assets		
Segment assets	**55,405**	62,859
Liabilities		
Segment liabilities	**12,102**	8,650
Other information		
Depreciation of property, plant and equipment (Note 13)	**145**	136
Write-off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven	**5,229**	–
Capital expenditure:		
Property, plant and equipment (Note 13)	**144**	426
Gain on disposal of property, plant and equipment (Note 8)	**1**	69

6 SEGMENT INFORMATION (continued)

Business Segment (continued)

	Group	
	Property/Consolidated	
	2018	2017
	US$'000	US$'000
(Reversal of provision)/provision for rental guarantee (Note 26(i))	**(239)**	179

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Geographical information

The revenue by geographical segment is based on the billing location of customers. All assets and capital expenditure of the Group are significantly located in the Asia Pacific region.

The following table provides an analysis of the Group's revenue and non-current assets based on the billing address of each individual customer and geographical location of the assets respectively:

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong	**13,679**	12,141	**5,514**	5,530
People's Republic of China	**649**	631	**9**	10
Singapore	**–**	–	**10**	8
Macau	**259**	282	**–**	–
	14,587	13,054	**5,533**	5,548

There is no single external customer which amounted to 10% or more of the Group's revenue for the financial years ended 31 December 2018 and 2017.

7 REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market and major service lines.

	Valuation and consulting services		Security guard services		Other services		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Hong Kong	**9,117**	7,172	**3,093**	3,227	**1,469**	1,742	**13,679**	12,141
People's Republic of China	**649**	631	**–**	–	**–**	–	**649**	631
Macau	**259**	282	**–**	–	**–**	–	**259**	282
	10,025	8,085	**3,093**	3,227	**1,469**	1,742	**14,587**	13,054
Timing of revenue recognition								
At a point of time	**125**	–	**–**	–	**–**	–	**125**	–
Over time	**9,900**	8,085	**3,093**	3,227	**1,469**	1,742	**14,462**	13,054
	10,025	8,085	**3,093**	3,227	**1,469**	1,742	**14,587**	13,054

The Group applies the practical expedient in IFRS 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

8a OTHER NET (GAIN)/LOSS

	Group	
	2018	2017
	US$'000	US$'000
Gain on disposal of property, plant and equipment	**(1)**	(69)
Other income	**(130)**	(71)
Net foreign currency exchange loss/(gain)	**843**	(4,111)
(Reversal of provision)/provision for rental guarantee (Note 26(i))	**(239)**	179
Write-back of trade and other payables	**(11)**	(59)
Write off of related transaction expenses and deposit due to non-completion of proposed acquisition of Fairhaven	**5,229**	–
	5,691	(4,131)

8b INTEREST INCOME

	Group	
	2018	2017
	US$'000	US$'000
Interest income		
- Related party	**1,324**	1,279
- Other financial assets at amortised costs	**25**	58
	1,349	1,337

9 FINANCE COSTS

	Group	
	2018	2017
	US$'000	US$'000
Interest on bank and other borrowings	**59**	44
Discount on provision unwound (Note 26(i))	**134**	129
Bank charges	**9**	10
	202	183

10 LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Group	
	2018	2017
	US$'000	US$'000
Non-executive directors' fees (Note 33(b))	**178**	174
Auditors' remuneration:		
- Auditor of the Company	**83**	102
- Other auditors	**51**	50
Fees for non-audit services paid to auditor of the Company	**6**	7
Property development and investment service fees	**2,112**	1,757
Staff costs (including directors' remuneration):		
- Salaries and related costs	**14,015**	12,394
- Defined contribution benefits	**658**	439
Operating lease expenses	**1,006**	954
Depreciation of property, plant and equipment	**145**	136

11 TAXATION

Taxation expense attributable to the loss is made up of:

	Group	
	2018	2017
	US$'000	US$'000
Current income tax provision	**13**	21
(Over)/under provision in respect of previous financial years		
- current income tax	**(1)**	–
- deferred tax (Note 27)	**33**	–
	45	21

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the financial year. Taxes on profits assessable elsewhere have been provided at the applicable rates of tax in the countries in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

11 TAXATION (continued)

A reconciliation between the tax expense and loss before tax at the applicable tax rate is as follows:

	Group	
	2018	2017
	US$'000	US$'000
Loss before taxation	**(10,804)**	(447)
Notional tax calculated at Hong Kong profits tax rate of 16.5% (2017: 16.5%)	**(1,783)**	(74)
Different tax rates in overseas jurisdictions	**(18)**	17
Income not subject to tax	**(227)**	(775)
Expenses not deductible for tax purposes	**1,644**	544
Deferred tax assets not recognised	**570**	549
Utilisation of previously unrecognised tax losses	**(189)**	(203)
Overprovision of income tax in respect of previous financial years	**(1)**	–
Overprovision of deferred tax in respect of previous financial years	**33**	–
Others	**16**	(37)
	45	21

Details of deferred tax liabilities are set out in Note 27.

12 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following:

	Group	
	2018	2017
Loss for the year attributable to equity holders of the Company (US$'000)	**(10,849)**	(468)
Weighted average number of ordinary shares ('000)	**25,333**	25,333
Loss per share (US cents)	**(42.83)**	(1.85)

Diluted loss per share is the same as basic loss per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2018 and 31 December 2017.

13 PROPERTY, PLANT AND EQUIPMENT

Group

	Freehold land and building US$'000	Leasehold improvements US$'000	Furniture, fixtures and office equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost or valuation					
At 1 January 2017	5,246	116	587	420	6,369
Revaluation loss	(343)	–	–	–	(343)
Currency translation adjustments	205	7	(4)	(5)	203
Additions	–	–	21	405	426
Disposals	(5,108)	–	(102)	(328)	(5,538)
At 31 December 2017	–	123	502	492	1,117
Currency translation adjustments	–	(2)	(1)	(1)	(4)
Additions	–	–	144	–	144
Disposals	–	–	(51)	–	(51)
At 31 December 2018	**–**	**121**	**594**	**491**	**1,206**
Accumulated depreciation					
At 1 January 2017	53	110	527	373	1,063
Currency translation adjustments	2	7	(4)	(4)	1
Charge for the year	8	3	37	88	136
Disposals	(63)	–	(95)	(294)	(452)
At 31 December 2017	–	120	465	163	748
Currency translation adjustments	–	(2)	1	–	(1)
Charge for the year	–	–	42	103	145
Disposals	–	–	(50)	–	(50)
At 31 December 2018	**–**	**118**	**458**	**266**	**842**
Net carrying values					
At 31 December 2018	**–**	**3**	**136**	**225**	**364**
At 31 December 2017	–	3	37	329	369

In 2017, the freehold land and building was sold to a third party for a consideration of S$7.03 million (equivalent to US$5.04 million).

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	US$'000	US$'000
Unquoted equity shares		
Cost		
Beginning and end of financial year	**34,988**	34,988
Allowance for impairment		
Beginning and end of financial year	**34,988**	34,988
Net carrying amount	**–**	–

Details of the Company's subsidiaries at 31 December 2018 are set out in Note 34.

15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Hong Kong quoted equity shares, at fair value	**–**	36	**–**	26
Unquoted equity shares, at cost	**–**	2,295	**–**	–
Less: Allowance for impairment	**–**	(2,295)	**–**	–
	–	–	**–**	–
Net carrying amount	**–**	36	**–**	26

The fair value of the Hong Kong quoted equity shares was determined based on quoted closing market prices on the last market day of the financial year. These instrument were included in Level 1 of the fair value hierarchy.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Equity investments designated at FVOCI				
Quoted equity shares	**15**	–	**11**	–
Unquoted equity shares	**–**	–	**–**	–
Total	**15**	–	**11**	–

These investments in equity shares are not held for trading. Accordingly, management has elected to designate these investments in equity shares at fair value through other comprehensive income. It is the Group's strategy to hold these investments for long term purposes. Unquoted equity shares represent interest in a company in the United States of America which is engaged in investment holding activities.

17 NON-TRADE RECEIVABLE FROM A RELATED PARTY

	Group	
	2018	2017
	US$'000	US$'000
Non-trade receivable from a related party	**43,509**	44,441

The outstanding non-trade receivable from a related party comprises fixed term loans extended to a related party, Lafe (Emerald Hill) Development Pte. Ltd. ("LEHD"). The non-current portion of S$59.417 million (equivalent to US$43.5 million as at 31 December 2018 and US$44.4 million as at 31 December 2017) due to a subsidiary of the Company bears interest at 3% per annum and is repayable by 27 September 2020. It is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. LEHD also signed a covenant that it will not distribute any dividends while any amount of the loan remains outstanding.

The fair value of non-current receivable from a related party computed based on cash flows discounted at market borrowing rate for similar financial assets at the end of the reporting period approximates its carrying value. The fair value measurement for disclosure purpose was categorised in the Level 3 of the fair value hierarchy.

18 TRADEMARK

	Group	
	Trademark	
	2018	2017
	US$'000	US$'000
Cost		
Beginning of financial year	**11,511**	11,603
Currency translation adjustments	**(19)**	(92)
End of financial year	**11,492**	11,511
Allowance for impairment		
Beginning of financial year	**6,332**	6,383
Currency translation adjustments	**(9)**	(51)
End of financial year	**6,323**	6,332
Net carrying amount	**5,169**	5,179

Trademark

Licenses are available for the use of the trademark on the bases of a royalty charged which depends on the period and the specific license. The license provides an option for renewal based on meeting conditions of the license and may be renewed at little or no cost to the Group. As a result, the trademark is considered by the management as having an indefinite useful life and is tested for impairment annually or more frequently when there are indications of impairment.

Impairment testing of trademark

Trademark has been allocated to the Group's CGU comprising operations in Hong Kong and the People's Republic of China. The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

18 TRADEMARK (continued)

Key assumptions used in value in use calculation

The key assumptions for the value in use ("VIU") calculation are those regarding the budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate.

	CGU	
	2018	2017
	%	%
Budgeted revenue growth rate	**3.5**	3.5
Budgeted gross margin	**22.0 - 23.0**	26.0 - 28.0
Terminal growth rate [1]	**–**	–
Discount rate [2]	**21.4**	21.4

(1) Growth rate used to extrapolate cash flows beyond the budgeted period.

(2) Pre-tax discount rate applied to cash flow projections.

Budgeted revenue growth rate and gross margin are based on past performance and its expectations of market development. The forecasted terminal growth rate are based on published industry research and do not exceed the long term average growth rate for the industry. The discount rate used was pre-tax and reflected risks specific to the CGU.

No impairment was recognised during the current financial year.

Sensitivity to changes in assumptions

The estimated recoverable amount exceeds its carrying amount by approximately US$0.3 million (2017: US$0.4 million) as at 31 December 2018. If the budgeted revenue growth used in the VIU calculation had been 3%, the recoverable amount of the trademark would equal to its carrying amount.

19 OTHER NON-CURRENT AND CURRENT ASSETS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Prepayments	**155**	175	**24**	23
Deposits	**682**	398	**–**	–
Total other assets	**837**	573	**24**	23
Less: Current portion	**(451)**	(302)	**(24)**	(23)
Non-current portion	**386**	271	**–**	–

20 TRADE AND OTHER RECEIVABLES

	Group	
	2018	2017
	US$'000	US$'000
Trade receivables	**2,827**	3,165
Less: Allowance for impairment loss	**–**	(966)
Trade receivables - net	**2,827**	2,199
Other receivables	**1,664**	436
Non-trade receivable from a related party	**12**	–
Tax recoverable	**–**	5
Total trade and other receivables	**4,503**	2,640

Non-trade receivable from a related party is unsecured, interest-free and repayable on demand.

Included in other receivables is an amount of US$1,658,000 (2017: US$Nil) representing certain taxes recoverable from the Government.

21 NON-TRADE RECEIVABLES FROM SUBSIDIARIES - COMPANY

	Company	
	2018	2017
	US$'000	US$'000
Non-trade receivables from subsidiaries	**74,261**	73,214
Less: Allowance for impairment	**(24,405)**	(18,992)
	49,856	54,222

Non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

22 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Cash and cash equivalents	**1,008**	9,621	**3**	2

Cash and cash equivalents of the Group and the Company at 31 December 2018 and 31 December 2017 comprise cash held at banks and on hand.

Bank balances earn interest at floating rates based on daily bank deposit rates. Short term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Bank and cash balances of US$222,000 (2017: US$188,000) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

23 SHARE CAPITAL

	Group and Company			
	2018		2017	
	No. of shares '000	**US$'000**	No. of shares '000	US$'000
Authorised				
Beginning and end of financial year	**50,000**	**100,000**	50,000	100,000
Issued and fully paid				
Beginning and end of financial year	**25,333**	**50,667**	25,333	50,667

The Company has one class of ordinary shares which carries no rights to fixed income.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, which have a par value of US$2, carry one vote per share without restrictions.

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**928**	604	**–**	–
Accrued expenses	**1,493**	1,340	**240**	254
Other payables	**288**	101	**68**	46
Total trade and other payables	**2,709**	2,045	**308**	300
Less: current portion	**(2,601)**	(2,045)	**(308)**	(300)
Non-current portion	**108**	–	**–**	–

25 LOANS FROM HOLDING COMPANY

	Group and Company	
	2018	2017
	US$'000	US$'000
Loans from holding company	**5,096**	–

Loans from holding company are unsecured, bear interest rate at 3% per annum and are repayable on demand, except for working capital loans of US$1,961,000 which is repayable on 31 December 2019. As disclosed in Note 5a, the holding company has confirmed its intention that it will not call for repayment of the outstanding loan unless the Group has alternative sources of funds for repayment or have generated sufficient funds to continue the Group's operations after repayment of the loan.

25 LOANS FROM HOLDING COMPANY (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	US$'000
Balance at 1 January 2018	–
Changes from financing cash flows:	
- Proceeds	5,224
- Repayments	(128)
- Interest paid	(59)
Non-cash changes	
- Interest expenses	59
Balance at 31 December 2018	5,096

26 PROVISIONS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Non-current				
Provision for rental guarantee (i)	**1,445**	3,436	**1,445**	3,436
Provision for staff benefits (ii)	**351**	295	**–**	–
	1,796	3,731	**1,445**	3,436
Current				
Provision for rental guarantee (i)	**1,679**	2,071	**1,679**	2,071

(i) Provision for rental guarantee

At the end of the reporting period, the amounts shown in the Group and the Company comprise the provision for net rental expenses of S$4.3 million (equivalent to US$3.1 million), an outstanding obligation up to 27 September 2020 pursuant to a guaranteed rental agreement entered into with a former subsidiary, LEHD. The provision amount was determined by discounting the estimated future cash payments based on the assumption of renewal of rental contracts at existing rental rates upon expiry of existing rental contracts at a discount rate of 3% (2017: 3%).

LEHD has confirmed its intention to defer the payment by the Company of rental guarantee of US$80,000 due within 12 months from the end of the reporting date to year 2020. Accordingly, the Group and the Company have reclassified US$80,000 rental guarantee payable to LEHD from current liability to non-current liability during the financial year.

26 PROVISIONS (continued)

(i) Provision for rental guarantee (continued)

Movements in provision for rental guarantee are as follows:

	Group and Company	
	2018	2017
	US$'000	US$'000
Beginning of financial year	**5,507**	6,695
(Reversal of)/additional provision recognised in profit or loss (Note 8a)	**(239)**	179
Discount unwound (Note 9)	**134**	129
Payment made during the year	**(2,192)**	(1,955)
Translation difference charged to profit or loss	**(86)**	459
End of financial year	**3,124**	5,507

(ii) Provision for staff benefits

Provision for staff benefits represents long service payments under the applicable regulations.

	Group	
	2018	2017
	US$'000	US$'000
Beginning of financial year	**295**	263
Net provision made during the financial year	**56**	32
End of financial year	**351**	295

The provision represents the Group's estimated liability to employees who are expected to be eligible for long service payments under Hong Kong Employment Ordinance on termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances. The provision made is based on the Group's past experience and the directors' knowledge of the business and the work force, as reduced by certain benefits arising from the Group's retirement scheme.

27 DEFERRED TAX 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 the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate off-setting, are shown on the consolidated statement of financial position as follows:

	Group	
	2018	2017
	US$'000	US$'000
Non-current:		
Deferred tax liabilities		
- to be settled after one year	**801**	769

Movements in deferred tax account are as follows:

Beginning of financial year	**769**	775
Currency translation adjustments	**(1)**	(6)
Tax expense to profit or loss (Note 11)	**33**	–
End of financial year	**801**	769

The following are the major components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation	**Fair value of trademark**	**Total**
	US$'000	**US$'000**	**US$'000**
At 1 January 2017	–	775	775
Currency translation adjustments	–	(6)	(6)
At 31 December 2017	–	769	769
Current year tax expense to profit or loss	33	–	33
Currency translation adjustments	–	(1)	(1)
At 31 December 2018	**33**	**768**	**801**

At the end of the reporting period, the Group has unutilised tax losses of US$27,666,000 (2017: US$25,487,000) that are available for carrying forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. No deferred tax assets have been recognised as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised. Tax losses may be carried forward indefinitely.

28 NON-TRADE PAYABLES TO RELATED PARTIES - GROUP

Non-trade payables to related parties are unsecured, interest-free and repayable on demand.

29 OPERATING LEASE COMMITMENTS

Operating lease commitments

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 24 to 36 months (2017: 24 to 36 months).

The Group had outstanding commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, payable as follows:

	Group	
	2018	2017
	US$'000	US$'000
Not later than one financial year	**1,074**	887
Later than one financial year but not later than five financial years	**1,550**	446
	2,624	1,333

31 CONTINGENT LIABILITIES

A plaintiff, which is in creditors' voluntary liquidation, issued a writ of summons in the High Court of the Hong Kong Special Administrative Region Court of First Instance against certain subsidiaries of the Vigers Group and others on 3 May 2013 together with a statement of claim (with subsequent amendments made on 21 June 2013 and 7 October 2014 respectively) for breaches of fiduciary duties, preferential payments of approximately US$1.58 million, fraudulent disposition of certain funds of approximately US$1.06 million, disposition of the plaintiff's property of approximately US$1.23 million and failure to put in place proper professional indemnity insurance for the plaintiff. All the transactions in relation to these allegations happened prior to the acquisition of the Vigers Group by the Company.

The management is of the view that no provision is necessary for any of the legal suits described above having considered their respective merits and stages of proceedings.

32 RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Scheme Ordinance of Hong Kong, for those employees who are eligible to participate in the Scheme. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

PRC employees of the Group's subsidiary registered in the PRC are members of the pension scheme operated by the PRC local government. The PRC subsidiary is required to contribute a certain percentage based on a relevant portion of the payroll of these employees to fund the benefits. The only obligation of the Group in respect of the pension scheme is the required contributions under the pension scheme.

In the case of eligible Singapore employees, the Group pays to a defined contribution plan. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

33 RELATED PARTY TRANSACTIONS

(a) Group and related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who were not members of the Group during the financial year on terms agreed by the parties concerned. The related parties comprise the spouse of one of the directors of the Company and a company directly held by the aforesaid party and certain companies held by a discretionary trust of which the same director of the Company is one of the beneficiaries.

	Group	
	2018	2017
	US$'000	US$'000
Interest expenses (charged at 3% per annum) paid/payable to holding company	**59**	–
Property development and investment service fees paid/payable to a related party	**2,111**	1,757
Rental guarantee paid/payable to a related party	**2,192**	1,955
Share of administrative fees	**–**	2
Interest income (charged at 3.00% per annum) received from a related party	**1,324**	1,279

(b) Compensation of key management personnel

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

	Group	
	2018	2017
	US$'000	US$'000
Directors and other key management personnel remuneration		
- Salary, bonus and allowances	**2,053**	1,988
- Defined pension benefit	**101**	103
Non-executive directors' fees (Note 10)	**178**	174
	2,332	2,265

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

34 PARTICULARS OF SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2018 are as follows:

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018	2017	Principal activities
			%	%	
Held by the Company					
Lafe Holdings Limited[1]	The British Virgin Islands ("BVI")	US$100	**100**	100	Investment holding
Vigers Group Pte. Ltd.[1]	Singapore	S$2	**100**	100	Property management services
Infomaster Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Wave Track Limited(1)	BVI	US$2	**100**	100	Investment holding
Forchess Star Company Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Holdings Limited					
Lafe Strategic Services Limited[2]	Hong Kong	HK$20	**100**	100	Close protection services
Markwood Capital Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Lafe Strategic Services Limited					
Vigers Security Limited[2]	Hong Kong	HK$400,000	**100**	100	Security guard services
Held by Vigers Group Pte. Ltd.					
Vigers Property Management Pte. Ltd.[1]	Singapore	S$2	**100**	100	Property management services
Vigers Real Estate Pte. Ltd.[1]	Singapore	S$2	**100**	100	Property management services
GIOIA Fund Pte. Ltd.[1]	Singapore	S$1,000,000	**100**	100	Real estate developers
Vigers Fund Management Pte. Ltd.[1]	Singapore	S$1,000	**100**	100	Fund management
Held by Infomaster Holdings Limited					
Lafe GreenTech International Limited[1]	BVI	US$10,000	**100**	100	Investment holding
Lafe GreenTech Limited[2]	Hong Kong	HK$100	**100**	100	Consultancy services

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2018 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018	2017	Principal activities
			%	%	
Held by Wave Track Limited					
Lafe Development (China) Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Forchess Star Company Limited					
Vigers Holdings Ltd.[2]	BVI	US$10,553,000	**100**	100	Investment holding
Lucksberg Holdings Limited[1]	BVI	US$2	**100**	100	Investment holding
Held by Vigers Holdings Ltd.					
Vigers Asset Management Limited[2]	Hong Kong	HK$20	**100**	100	Property management services
Vigers Building Consultancy Limited[2]	Hong Kong	HK$8,000,000	**100**	100	Building consultancy services
Vigers Nominees Limited[2]	Hong Kong	HK$1,000	**100**	100	Corporate services
Vigers Realty Limited[2]	Hong Kong	HK$10,000	**100**	100	Real estate agency services
Vigers Macao Company Limited[2]	Macao	MOP25,000	**100**	100	Property appraisal services
Vigers Appraisal and Consulting (International) Limited[2]	Hong Kong	HK$1,200	**100**	100	Investment holding and consultancy services
Vigers External Wall Consultant Limited[2]	Hong Kong	HK$1,000	**100**	100	Building consultancy services
Held by Vigers Appraisal and Consulting (International) Limited					
Vigers Property Consultants (Shanghai) Ltd[3]	PRC	US$345,000	**100**	100	Property management and agency services
Vigers E-Net Limited[2]	Hong Kong	HK$1,000	**100**	100	Property appraisal services in internet
Vigers Appraisal and Consulting Limited[2]	Hong Kong	HK$1,000,000	**100**	100	Property appraisal and consulting services

34 PARTICULARS OF SUBSIDIARIES (continued)

Details of the Company's subsidiaries as at 31 December 2018 are as follows: (continued)

Name of company	Place of incorporation/ operations	Issued and paid up/ registered capital	Percentage of equity interest attributable to the Group 2018	2017	Principal activities
			%	%	
Held by Vigers Realty Limited					
Vigers Asia Pacific Limited[2]	Hong Kong	HK$100	**100**	100	Corporate administration services
Held by Vigers External Wall Consultant Limited					
Vigers Asia Pacific Holdings Limited[2]	BVI	US$1	**100**	100	Investment holding
Held by Vigers Asia Pacific Limited					
Vigers Property Consultants (Beijing) Ltd[4]	PRC	RMB500,000	**100**	100	Property management and agency services
Vigers Investment Consultants (Shenzhen) Ltd[5]	PRC	RMB100,000	**100**	100	Property consultancy services
Held by Vigers Asia Pacific Holdings Limited					
Vigers Property Management Services (Hong Kong) Limited[2]	Hong Kong	HK$8,900,000	**100**	100	Property management services
The Grande Properties Management Limited[2]	Hong Kong	HK$2	**100**	100	Property management services
Held by Lucksberg Holdings Limited					
Vigers Pacific Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding
Vigers Asia (Holdings) Limited[1]	Cayman Islands	US$100	**100**	100	Trademarks holding

(1) Audited/reviewed by Baker Tilly TFW LLP, Singapore.

(2) Audited/reviewed by Moore Stephens CPA Limited, Hong Kong.

(3) Audited by Shanghai Yonghua Certified Public Accountants.

(4) Audited by Beijing Daqi International Certified Public Accountants.

(5) Audited by Shenzhen Huilong Certified Public Accountants.

35 RISK FACTORS AND RISK MANAGEMENT

The risk factors, risk management policies and related procedures for the Group are summarised as follows:

Reliance on property business

The Group will concentrate its efforts and resources on its property business, which will be affected by the property market.

The Group has diversified the risk by making property investment and developments in different locations.

In addition, Vigers Group is a reputable property service group specialising in property appraisal, business valuation, property management, building services engineering, real estate agency and project management with a strong presence in the Far East region.

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Available-for-sale financial assets	**–**	36	**–**	26
Loans and receivables (including cash and cash equivalents)	**–**	57,095	**–**	54,224
Financial assets at fair value through other comprehensive income	**15**	–	**11**	–
Financial assets at amortised costs	**48,044**	–	**49,859**	–
	48,059	57,131	**49,870**	54,250
Financial liabilities				
At amortised cost	**7,706**	1,985	**5,404**	300

(b) Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly Singapore dollar ("SGD"), Renminbi ("RMB") and Hong Kong dollar ("HKD").

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavors to keep the net exposure at a minimum level.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

At the end of the reporting period, the Group and the Company have the following significant financial assets and financial liabilities denominated in currencies other than functional currencies based on information provided to key management:

	SGD US$'000	RMB US$'000	HKD US$'000	Total US$'000
Group				
2018				
Cash and cash equivalents	13	224	3	240
Trade and other receivables	–	45	–	45
Non-trade receivable from subsidiaries	48,237	–	–	48,237
Financial assets at fair value through other comprehensive income	–	–	11	11
Non-trade payable to fellow subsidiaries	(6,664)	–	–	(6,664)
Trade and other payables	(331)	(342)	–	(673)
Net financial assets/(liabilities) denominated in foreign currencies	**41,255**	**(73)**	**14**	**41,196**
2017				
Cash and cash equivalents	8,570	191	2	8,763
Trade and other receivables	3	51	–	54
Non-trade receivable from subsidiaries	54,222	–	–	54,222
Available-for-sales financial assets	–	–	26	26
Non-trade payable to fellow subsidiaries	(9,922)	–	–	(9,922)
Trade and other payables	(335)	(349)	–	(684)
Net financial assets/(liabilities) denominated in foreign currencies	52,538	(107)	28	52,459
Company				
2018				
Cash and cash equivalents	–	–	3	3
Non-trade receivable from subsidiaries	49,856	–	–	49,856
Available-for-sales financial asset	–	–	11	11
Trade and other payables	(260)	–	–	(260)
Net financial assets denominated in foreign currencies	**49,596**	**–**	**14**	**49,610**
2017				
Cash and cash equivalents	–	–	2	2
Non-trade receivable from subsidiaries	54,222	–	–	54,222
Available-for-sales financial asset	–	–	26	26
Trade and other payables	(253)	–	–	(253)
Net financial assets denominated in foreign currencies	53,969	–	28	53,997

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign exchange currency risk

In respect of the Group, at the end of the reporting period, if the SGD strengthens/weakens against United States Dollar ("USD") by 5% with all variables including tax rate being held constant, the Group's loss after taxation will be lower/higher by US$1,722,000 (2017: lower/higher by US$2,195,000).

In respect of the Company, at the end of the reporting period, if the SGD strengthens/weakens against USD by 5% with all variables including tax rate being held constant, the Company's loss after taxation will be lower/higher by US$2,480,000 (2017: lower/higher by US$2,701,000).

The sensitivity analysis for the other foreign currencies is not disclosed as the impact on the Group's and Company's loss after taxation is not significant.

(c) 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. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties. Potential exposures are monitored and reported to management on a timely basis.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses (ECL):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Significant increase in credit risk (continued)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade receivables of the Group were not concentrated on any particular customer in 2018 and 2017.

As the Group and Company do not hold any collateral for trade and other receivables, except for the non-trade receivable from a related party as referred to in Note 17, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position.

Movements in credit loss allowance are as follows:

	Trade receivables US$'000
Group	
Balance at 1 January 2018, under IAS 39 and IFRS 9	966
Loss allowance reversed:	
Lifetime ECL	(23)
Receivables written off as uncollectable	(921)
Currency translation adjustments	(22)
Balance at 31 December 2018	–

	Non-trade receivables from subsidiaries US$'000
Company	
Balance at 1 January 2018, under IAS 39 and IFRS 9	18,992
Loss allowance measured:	
Lifetime ECL	
- credit-impaired	5,413
Balance at 31 December 2018	24,405

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

Based on a simplified approach for determining credit loss allowance for trade receivables as at 31 December 2018, the expected credit loss is immaterial as the historical default rate is low.

A trade receivables is written off when there is information indicating that there is no realistic prospect of recovery from the debtor. The Group has written off trade receivables of US$12,000 (2017: US$10,000) to profit or loss and written off trade receivables of US$921,000 (2017: US$7,000) against allowance for impairment previously recognised by the Group for specific debtor as a result of occurence of credit impairment events during the current financial year. None of the trade receivables that have been written off is subject to enforcement activities.

Other financial assets at amortised cost

Other financial assets at amortised costs include non-trade receivable from a related party and subsidiaries, other non-current and current assets, other receivables and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets:

	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Trade Receivables	Lifetime ECL	2,827	–	2,827
Non-trade receivable from a related party	12-month ECL	43,509	–	43,509
Other non-current and current assets	N.A. Exposure Limited	682	–	682
Other receivables	N.A. Exposure Limited	18	–	18
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	1,001	–	1,001

Non-trade receivable from a related party is secured by a corporate guarantee given by The Ho Family Trust Limited, a related party, and a second-ranking pledge of the entire shares in LEHD. LEHD also signed a covenant that it will not distribute any dividends while any amount of the loan remains outstanding. Management has considered the collateral held and that the credit risk exposure in relation to the receivable balance as at 31 December 2018 is insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2018.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Other financial assets at amortised cost (continued)

The table below details the credit quality of the Company's financial assets:

	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Non-trade receivable from subsidiaries	12-month ECL	38,414	–	38,414
	Lifetime ECL	35,847	(24,405)	11,442
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	3	–	3

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The aging analysis of trade receivables past due but not impaired is as follows:

	Group 2017 US$'000
Past due less than 30 days	695
Past due 31 to 60 days	159
Past due 61 to 90 days	16
Past due over 90 days	204
	1,074

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Previous accounting policy for impairment of financial assets (continued)

Financial assets that are past due but not impaired (continued)

The movements in allowance for impairment of trade receivables:

	Group 2017 US$'000
Beginning of financial year	936
Allowance written-off	(7)
Allowance for impairment loss	10
Reversal of impairment loss	(7)
Currenty translation adjustments	34
End of financial year	966

The movement in allowance for impairment of non-trade receivables from subsidiary:

	Company 2017 US$'000
Beginning of financial year	19,145
Currenty translation adjustments	(153)
End of financial year	18,992

(d) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements of financial position. It is the risk that changes in interest rates will affect the Group's income or the value of its holdings of financial instruments.

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

The Group ensures that surplus funds are deposited at favorable interest rates with reputable financial institutions in the PRC, Hong Kong, Singapore and Macau.

As at 31 December 2018, the debt obligations pertain to its loans from holding company at fixed interest rate. The Group does not hedge interest rate risk. The Group ensures that it borrows at competitive interest rates under favorable terms and conditions.

The interest rates for short term bank deposits and the non-trade receivable from a related party are fixed.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's cash and cash equivalents, operating cash flow and availability of banking facilities are actively managed to ensure that there is adequate working capital and that repayment and funding needs are met.

The Group is presently dependent on the holding company for continuing financial support.

The table below summarised the maturity profile of the financial liabilities based on contractual undiscounted repayment obligations:

	Less than 1 year	Between 1 to 5 years	Total
	US$'000	US$'000	US$'000
Group			
At 31 December 2018			
Trade and other payables	2,502	108	2,610
Loans from holding company	5,096	–	5,096
	7,598	**108**	**7,706**
At 31 December 2017			
Trade and other payables	1,975	–	1,975
Non-trade payables to related parties	10	–	10
	1,985	–	1,985
Company			
At 31 December 2018			
Other payables	308	–	308
Loans from holding company	5,096	–	5,096
	5,404	**–**	**5,404**
At 31 December 2017			
Other payables	300	–	300

(f) 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 shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares or obtain new borrowings.

The Group is presently dependent on the holding company for continuing financial support.

35 RISK FACTORS AND RISK MANAGEMENT (continued)

(f) Capital risk (continued)

Management monitors capital with reference to net debt-to-equity ratio. The Group strategies, which were unchanged from the previous year, are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that are possible with greater leverage.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as loans from holding company plus trade and other payables, provision for rental guarantee and non-trade payables to related parties less cash and cash equivalents. Total equity comprise share capital and all reserves.

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Net debts/(assets)	**9,921**	(2,059)	**8,525**	5,805
Total equity	**43,303**	54,209	**41,366**	48,466
Net debt-to-equity ratio	**0.23**	N.M.	**0.21**	0.12

N.M.: not meaningful

The Group and Company are in compliance with all externally imposed capital requirements and financial covenants for the financial years ended 31 December 2018 and 31 December 2017.

36 FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group adopted the amendments to IFRS 7 which require disclosure of fair value measurements by levels in the fair value hierarchy based on the inputs to the valuation techniques.

The fair value hierarchy levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active market for identical assets or liabilities;

(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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position as at the end of the reporting period at 31 December 2018.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
2018				
Financial assets				
Financial assets at fair value through other comprehensive income				
- Quoted equity shares	**15**	**–**	**–**	**15**
2017				
Financial assets				
Available-for-sale financial assets				
- Quoted equity shares	36	–	–	36
Company				
2018				
Financial assets				
Financial assets at fair value through other comprehensive income				
- Quoted equity shares	11	–	–	11
2017				
Financial assets				
Available-for-sale financial asset				
- Quoted equity shares	26	–	–	26

(c) Determination of fair values

(i) Quoted equity shares

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

(ii) Unquoted equity shares

The fair value of the unquoted equity shares was determined to be Nil as the investee remained dormant during the current financial year.

(iii) Non-current receivable from a related party

The basis of determining fair value of non-current receivable from a related party as at the end of the reporting period are disclosed in Note 17.

Group	2014 US$'000	2015 US$'000	2016 US$'000	2017 US$'000	2018 US$'000
RESULTS					
Revenue	13,707	12,626	11,610	13,054	14,587
Profit/(loss) before taxation	(60,720)	(36,804)	(10,903)	(447)	(10,804)
Taxation	9,046	(28)	1,121	(21)	(45)
Net profit/(loss) for the year	(51,674)	(36,832)	(9,782)	(468)	(10,849)
Basic earnings/(loss) per share (US cents)	(221.46)	(153.91)	(38.61)	(1.85)	(42.83)
ASSETS AND LIABILITIES					
Non-current assets	16,798	58,392	51,925	50,296	49,443
Current assets	120,323	28,062	15,070	12,563	5,962
Current liabilities	(27,795)	(11,003)	(3,861)	(4,150)	(9,397)
Net current assets/(liabilities)	92,528	17,059	11,209	8,413	(3,435)
Non-current liabilities	(4,754)	(10,244)	(7,750)	(4,500)	(2,705)
Net assets	104,572	65,207	55,384	54,209	43,303

Notes to financial summary

The results for the five years ended 31 December 2018 have been extracted from the audited consolidated statement of profit or loss and other comprehensive income, which include the results of the Group for each of the two years ended 31 December 2018 and 2017 as set out on page 23 of the annual report.

The Group has not obtained a general mandate from the shareholders for the interested person transactions for the year ended 31 December 2018, as the value of the transactions falls below the required 5% of the Group's latest audited net tangible assets. The aggregate value of all interested person transactions during the financial year 2018, which fall under the listing manual, were as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Associates of Mr. Christopher Ho Wing-On:	**US$'000**	**US$'000**
Conducted with shareholders' approval	3,624	–
Conducted under review	2,170	–
	5,794	–

Pursuant to SGX Listing Rule 920(1)(c), the Audit Committee confirmed that the methods or procedures for determining the transaction prices have not changed since last shareholders' approval and are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Lafe Corporation Limited (the "Company") will be held at Holiday Inn Singapore, Orchard City Centre,11 Cavenagh Road, Singapore 229616 on Monday, 29 April 2019 at 4.30 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

(1) To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2018 and the Auditors' Report thereon. (Resolution 1)

(2) To re-elect Mr. Paul Francis Gregory Binney as a Director. (Resolution 2)

(3) To approve the Non-Executive Directors' Fees of S$243,780.15 for the year ended 31 December 2018 (2017: S$232,171.57) (Resolution 3)

(4) To approve re-appointment of Baker Tilly TFW LLP as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 4)

AS SPECIAL BUSINESS

To consider and if thought fit, approve with or without modifications, the following ordinary resolution:

(5) Authority to Issue Shares

That pursuant to the Companies Act 1981 of Bermuda and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to issue shares ("Shares") in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

(i) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) *(or such other higher or lower limit as may be prescribed by the SGX-ST)* of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the Company;

(ii) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the date of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;
(b) new shares arising from exercising share options or vesting of Share awards outstanding or subsisting at the time this Resolution is passed; and
(c) any subsequent bonus issue, consolidation or subdivision of shares; and

(iii) that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting 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 accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. (Resolution 5)

By Order of the Board

Paul Francis Gregory Binney
Company Secretary
Singapore, 12 April 2019

Notes:

1. A Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote at the AGM in his stead, then he should complete and sign the relevant Shareholder Proxy Form and deposit the duly completed Shareholder Proxy Form at the office of the Company's Singapore Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time appointed for the AGM.

3. A Depositor whose name is shown in the Depository Register of The Central Depository (Pte) Limited ("CDP") as at a time not earlier than 48 hours prior to the time of the AGM who/which is (i) an individual but is unable to attend the AGM personally and wishes to appoint a nominee to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of the Company's Singapore Share Transfer Agent, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time appointed for the AGM.

4. If a Shareholder who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company is unable to attend the AGM and wishes to appoint a proxy, he should use the Depositor Proxy Form and the Shareholder Proxy Form for, respectively, the Shares entered against his name in the Depository Register and the Shares registered in his name in the Register of Members of the Company.

5. A Depositor who is an individual and whose name is shown in the Depository Register as at a time not earlier than 48 hours prior to the time of the AGM and who wishes to attend the AGM in person need not take any further action and can attend and vote at the AGM as CDP's proxy without the lodgment of any proxy form.

Personal Data Privacy:

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

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LAFE CORPORATION LIMITED