CIRCULAR DATED 25 APRIL 2019

THIS CIRCULAR IS ISSUED BY SEVAK LIMITED (THE "COMPANY"). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF XANDAR CAPITAL PTE. LTD. (AS THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS) TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company ("**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should immediately hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

SEVAK LIMITED
WE INNOVATE TO SERVE

(Formerly known as S i2i Ltd)

SEVAK LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199304568R)

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER

by

SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401542N)

for and on behalf of

SMART ENTERTAINMENT PRIVATE LIMITED

(Incorporated in India)
(Company Registration Number: U67120UP1992PTC013974)

to acquire 1,482,387 Shares other than the Shares held in treasury and the Shares already owned, controlled or agreed to be acquired by Smart Entertainment Private Limited (the "**Offeror**") and parties acting in concert with it

Independent Financial Adviser to the Independent Directors

XANDAR CAPITAL

XANDAR CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200002789M)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT VOTES AND ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE PARTIAL OFFER (AS DEFINED HEREIN) AT 5.30 P.M. (SINGAPORE TIME) ON 9 MAY 2019 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR. ACCORDINGLY, SHAREHOLDERS WHO WISH TO VOTE ON AND/OR ACCEPT THE PARTIAL OFFER MUST DO SO BY SUCH TIME AND DATE.

CONTENTS

DEFINITIONS

In this Circular, the following definitions apply throughout, unless the context otherwise requires or unless otherwise stated:

"**Acceptance Forms**"	:	The FAA and the FAT collectively or any one of them, as the case may be
"**Audited FY2018 Results**"	:	The audited consolidated financial statements of the Group for the financial year ended 31 December 2018, reproduced in **Appendix 4** to this Circular
"**Board**"	:	The board of directors of the Company
"**Business Day**"	:	A day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in Singapore
"**Constitution**"	:	The Constitution of the Company
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 25 April 2019 in relation to the Partial Offer enclosing, *inter alia*, the IFA Letter
"**Closing Date**"	:	**5.30 p.m. (Singapore time) on 9 May 2019 (and as further detailed in the Offer Document)**
"**Code**"	:	The Singapore Code on Take-overs and Mergers
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore
"**Company**"	:	Sevak Limited
"**Company Securities**"	:	(a) Shares, (b) securities which carry voting rights in the Company, and (c) convertible securities, warrants, options and derivatives in respect of any Shares or such securities which carry voting rights in the Company
"**CPF**"	:	Central Provident Fund
"**CPFIS**"	:	Central Provident Fund Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
"**Despatch Date**"	:	11 April 2019, being the date of despatch of the Offer Document
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date

"**Distributions**"	:	Has the meaning ascribed to it in **Section 2.4(c)** of this Circular
"**Dividend Book Closure Date**"	:	Has the meaning ascribed to it in **Section 2.4(i)** of this Circular
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares, which is applicable to Offer Shareholders whose Shares are deposited with CDP, and which forms part of the Offer Document
"**FAT**"	:	Form of Acceptance and Transfer for Offer Shares, which is applicable to Offer Shareholders whose Shares are registered in their own names on the Register, and which forms part of the Offer Document
"**FY**"	:	The financial year ending or ended 31 December
"**Group**"	:	The Company and its subsidiaries
"**IFA**" or "**Xandar Capital**"	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Partial Offer
"**IFA Letter**"	:	The letter from the IFA to the Independent Directors dated 25 April 2019, containing *inter alia*, the advice of the IFA to the Independent Directors in respect of the Partial Offer, as set out in **Appendix 1** to this Circular
"**Independent Directors**"	:	The Directors who are considered independent for the purposes of making the recommendation to the Shareholders in respect of the Partial Offer, namely, Mr. Maneesh Tripathi, Mr. Doraraj S and Mr. Tushar s/o Pritamlal Doshi
"**Interested Person**"	:	As defined in the Note on Rule 23.12 of the Code, an interested person is: (a) a director, chief executive officer, or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

		(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
		(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
		(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"**Latest Practicable Date**"	:	15 April 2019, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**Offer Announcement**"	:	The announcement in relation to the Partial Offer released by SAC Capital, for and on behalf of the Offeror, on the Offer Announcement Date
"**Offer Announcement Date**"	:	21 March 2019, being the date of the Offer Announcement
"**Offer Document**"	:	The offer document dated 11 April 2019 and any other document(s) which may be issued for and on behalf of the Offeror to amend, revise, supplement or update the document from time to time. References to "Offer Document" shall include the Acceptance Forms, unless the context otherwise requires
"**Offer Price**"	:	Has the meaning ascribed to it in **Section 2.3** of this Circular
"**Offer Shareholders**"	:	Has the meaning ascribed to it in **Section 2.2** of this Circular
"**Offer Shares**"	:	All the Shares to which the Partial Offer relates, as more particularly described in **Section 2.1** of this Circular
"**Offeror**"	:	Smart Entertainment Private Limited, a company incorporated in India

"**Offeror Securities**"	:	(a) equity share capital of the Offeror; (b) securities which carry substantially the same rights as any to be issued as consideration for the offer; and (c) convertible securities, warrants, options and derivatives in respect of such shares or such securities in (b)
"**Offeror Shares**"	:	Has the meaning ascribed to it in **Section 2.1** of this Circular
"**Overseas Shareholder**"	:	Has the meaning ascribed to it in **Section 15** of this Circular
"**Partial Offer**"	:	The voluntary conditional cash partial offer by SAC Capital, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and/or the FAT, as such offer may be amended, extended and revised from time to time by or on behalf of the Offeror
"**Record Date**"	:	5.00 p.m. (Singapore time) on 25 April 2019, being the 14th day before the Closing Date, on which the Transfer Books of the Company and the Register will be closed in order to determine the entitlements of the Offer Shareholders to the Partial Offer
"**Register**"	:	The register of holders of the Shares, as maintained by the Registrar
"**Registrar**" or "**Boardroom**"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"**SAC Capital**"	:	SAC Capital Private Limited
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Persons who are holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**SIC**"	:	Securities Industry Council of Singapore
"**SRS**"	:	The Supplementary Retirement Scheme
"**SRS Investors**"	:	Investors who have purchased Shares pursuant to SRS

"**S$**" and "**cents**" : Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore

"**%**" or "**per cent.**" : Per centum or percentage

Acting in concert. The terms "**acting in concert**" and "**associate**" shall have the meanings ascribed to them in the Code.

Depositors, etc. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and used in this Circular shall, where applicable, have the meanings assigned to it under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. References to "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Shares in issue. References in this Circular to the Shares in issue shall be 11,851,225 Shares (excluding 1,165,205 Shares held in treasury) as at the Latest Practicable Date, unless otherwise stated.

Statements which are reproduced in their entirety from the Offer Document and the Constitution are set out in this Circular within quotes and in *italics*, and capitalised terms used within these reproduced statements shall bear the meanings ascribed to them in the Offer Document and the Constitution, respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA undertakes or assumes any obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CORPORATE INFORMATION

Board of Directors	:	Mr. Maneesh Tripathi Mr. Doraraj S Mr. Tushar s/o Pritamlal Doshi Ms. Chada Anitha Reddy
Company Secretary	:	Ms. Kim Yi Hwa
Registered Office	:	152 Ubi Avenue 4 Singapore 408826
Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Auditors of the Company	:	Moore Stephens LLP 10 Anson Road #29-15 International Plaza Singapore 079903 Partner-in-charge: Ms. Lao Mei Leng
Independent Financial Adviser to the Independent Directors	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02 Shenton House Singapore 068805
Legal Adviser to the Company in relation to the Partial Offer	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542

INDICATIVE TIMETABLE

The following are indicative dates and times for the Partial Offer:

EVENT		DATE
Date of despatch of Offer Document	:	11 April 2019
Date of despatch of this Circular	:	25 April 2019
Record Date	:	5.00 p.m. (Singapore time) on 25 April 2019
Despatch of Entitlement Notification Letter (as defined in the Offer Document)	:	On or about 30 April 2019
Closing Date[1]	:	**5.30 p.m. (Singapore time) on 9 May 2019**, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last date and time for the lodgement of votes on and/or acceptances of the Partial Offer
Settlement of consideration for Offer Shares acquired by the Offeror[2]	:	Subject to the Partial Offer becoming or being declared unconditional in all respects, within seven (7) Business Days of the Closing Date

Notes:

(1) Please refer to Paragraph 1 of Appendix 1 to the Offer Document for further details.

(2) Please refer to Paragraph 2 of Appendix 1 to the Offer Document for further details.

SEVAK LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199304568R)

LETTER TO SHAREHOLDERS FROM THE BOARD

Directors:	**Registered Office:**
Mr. Maneesh Tripathi (Executive Director and Group Chief Executive Officer) Mr. Doraraj S (Lead Independent Director) Mr. Tushar s/o Pritamlal Doshi (Independent Director) Ms. Chada Anitha Reddy (Non-Independent Non-Executive Director)	152 Ubi Avenue 4 Singapore 408826

25 April 2019

To: The Shareholders of Sevak Limited

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY SAC CAPITAL, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 21 March 2019, SAC Capital announced, for and on behalf of the Offeror, *inter alia*, that in accordance with Rule 16.4 of the Code, the Offeror intends to make the Partial Offer. An announcement in relation to the Partial Offer was then made by the Company on the same day following the Offer Announcement.

Copies of the announcements referred to in this **Section 1.1** are available on the website of the SGX-ST at www.sgx.com.

1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document, setting out, *inter alia*, the terms of the Partial Offer. **Shareholders are urged to read the terms and conditions of the Partial Offer set out in the Offer Document carefully.**

A copy of the Offer Document is available on the website of the SGX-ST at www.sgx.com.

1.3 Independent Financial Adviser

The Company has appointed Xandar Capital as the IFA to advise the Independent Directors in respect of the Partial Offer.

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Partial Offer and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Partial Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Partial Offer before deciding whether to vote on and/or accept or reject the Partial Offer.

2. THE PARTIAL OFFER

As set out in the Offer Document, the Partial Offer is made on the following terms and conditions:

2.1 Offer Shares

The Partial Offer will be made for 1,482,387 Shares, other than the Shares held in treasury and the Shares already owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with the Offeror (the "**Offer Shares**"), in accordance with section 139 of the SFA and the Code.

The Offer Shares represent approximately 12.51% of the total issued Shares of the Company (excluding treasury Shares).

As at 4 April 2019, being the latest practicable date prior to the printing of the Offer Document, the Offeror does not own any Shares. As at 4 April 2019, being the latest practicable date prior to the printing of the Offer Document, based on responses received pursuant to enquiries that the Offeror made, the Offeror and the parties acting in concert with it own an aggregate of 4,561,773 Shares (the "**Offeror Shares**"), representing approximately 38.49%[1] of the Shares in issue (excluding treasury Shares), details of which are set out in Appendix 5 to the Offer Document.

If the Partial Offer becomes or is declared unconditional in all respects, and assuming that there are no changes to the total issued Shares of the Company between 4 April 2019, being the latest practicable date prior to the printing of the Offer Document, and the close of the Partial Offer, the acquisition of the Offer Shares pursuant to the Partial Offer, when taken together with the Offeror Shares, will result in:

(a) the Offeror holding 1,482,387 Shares, which would represent approximately 12.51% of the total issued Shares of the Company (excluding treasury Shares) at the close of the Partial Offer; and

(b) the Offeror and its concert parties holding in aggregate 6,044,160 Shares, which would represent approximately 51.00% of the total issued Shares of the Company (excluding treasury Shares) at the close of the Partial Offer.

Accordingly, the Offeror and parties acting in concert with it will be able to exercise statutory control over the Company and will be free, subject to a six-month moratorium after the Closing Date, to acquire further Shares without incurring any obligation to make a general take-over offer for the Company.

2.2 Offer Shareholders

The Partial Offer will be extended to all Shareholders as at the Record Date, other than the Offeror and parties acting in concert with it (the "**Offer Shareholders**", and each an "**Offer Shareholder**").

The Transfer Books of the Company and the Register will be closed as at the Record Date, 25 April 2019, being the 14th day before the Closing Date, for the purposes of determining the entitlements of the Offer Shareholders to the Partial Offer.

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1 Unless otherwise stated, all references to the total number of issued Shares of the Company shall be 11,851,225 Shares (excluding 1,165,205 treasury Shares) in issue as at the Latest Practicable Date.

Each Offer Shareholder may only vote on and/or accept the Partial Offer in respect of the number of Shares held by him as at the Record Date. An Offer Shareholder who is a Depositor and wishes to vote on and/or accept the Partial Offer must ensure that there are Shares held in his Securities Account as at the Record Date. An Offer Shareholder who is not a Depositor and wishes to accept the Partial Offer must ensure that there are Shares registered in his name on the Register as at the Record Date.

For the avoidance of doubt, the Partial Offer is made to all Offer Shareholders, including those to whom the Offer Document and the Acceptance Forms have not been, or will not be sent, provided that the Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Partial Offer is not being made into any jurisdiction in which the making or acceptance of the Partial Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Partial Offer to Offer Shareholders in any such jurisdiction.

Further information on the entitlement of the Offer Shareholders to vote on and/or accept the Partial Offer is set out in Appendix 2 to the Offer Document.

2.3 Offer Price

The Partial Offer will be made at S$4.00 in cash for each Offer Share (the "**Offer Price**").

The Offer Price is final. The Offeror does not intend to increase the Offer Price.

Therefore, in accordance with Rule 20.2 of the Code, the Offeror will not be allowed to subsequently amend the terms of the Partial Offer, including the Offer Price, in any way.

2.4 No Encumbrances

The Offer Shares will be acquired:

(a) fully paid;

(b) free from all claims, liens, equities, mortgages, charges, encumbrances, hypothecations, retention of title, power of sale, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever; and

(c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (collectively the "**Distributions**") (if any) which may be announced, declared, paid or made by the Company on or after the Offer Announcement Date.

An Offer Shareholder who tenders his Shares in acceptance of the Partial Offer will be deemed to warrant that he sells such Shares as or on behalf of the beneficial owner(s) thereof on the terms set out in **Sections 2.4(a) to 2.4(c)** of this Circular above.

If any such Distributions is or has been announced, declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price to a Shareholder who validly accepts or has validly accepted the Partial Offer by the amount of such Distributions. Accordingly, in the event the Partial Offer turns unconditional and:

(i) if the settlement date in respect of the Offer Shares accepted pursuant to the Partial Offer falls on or before the books closure date for the determination of entitlement to any such Distributions (if any) (the "**Dividend Book Closure Date**"), the Offer Price shall remain unadjusted for each Offer Share, as the Offeror will receive the Distributions in respect of such Offer Share from the Company; and

(ii) if the settlement date in respect of the Offer Shares accepted pursuant to the Partial Offer falls after the Dividend Book Closure Date, the Offer Price for each Offer Share shall be reduced by an amount which is equal to the amount of the Distributions in respect of each Offer Share, as the Offeror will not receive the Distributions in respect of such Offer Share from the Company.

2.5 Conditions of the Partial Offer

The Partial Offer will be subject to the following conditions:

(a) the Offeror having received, by the Closing Date, approval of the Partial Offer by the Offer Shareholders representing more than 50.00% of the valid votes received from the Offer Shareholders (the Offeror, parties acting in concert with it and their respective associates shall abstain from voting); and

(b) the Offeror having received, by the Closing Date, valid acceptances in respect of not less than 1,482,387 Offer Shares which, taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with the Offeror, will result in the Offeror and parties acting in concert with it holding in aggregate 51.00% of the Shares in issue (excluding treasury Shares) as at the close of the Partial Offer, assuming that there are no changes to the total issued Shares of the Company between the Offer Announcement Date and the close of the Partial Offer.

Save as provided in Section 2.5 of the Offer Document, the Partial Offer will be unconditional in all other respects.

2.6 No Other Class of Shares or Convertible Securities

As at the Latest Practicable Date, the Company:

(a) has only one (1) class of shares in issue – the Shares; and

(b) has no outstanding instruments convertible into, right to subscribe for, and options (whether pursuant to an employee share option scheme or otherwise) in respect of, securities which carry voting rights in the Company.

Accordingly, no comparable offer needs to be made for any other class of shares in the capital of the Company.

2.7 Closing Date

Shareholders should note that the Partial Offer is open for acceptance by the Offer Shareholders for at least 28 days from the Despatch Date, unless the Partial Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Partial Offer will close at 5.30 p.m. (Singapore time) on 9 May 2019 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. SIC APPROVAL

The information in relation to the SIC's grant of consent to the Offeror to the making of the Partial Offer is set out in Section 3 of the Offer Document.

4. FURTHER DETAILS OF THE PARTIAL OFFER

Further details of the Partial Offer, including in relation to (a) the duration of the Partial Offer; (b) the settlement of the consideration for the Partial Offer; (c) the requirements relating to the announcement(s) of the level of acceptances of the Partial Offer; and (d) the right of withdrawal of acceptances of the Partial Offer, are set out in Appendix 1 to the Offer Document.

5. INFORMATION ON THE OFFEROR

The information on the Offeror is set out in Section 9 of and Appendix 3 to the Offer Document.

6. RATIONALE FOR THE PARTIAL OFFER

The information on the Offeror's rationale for the Partial Offer is set out in Section 11 of the Offer Document.

7. THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the Offeror's intentions relating to the Company as set out in Section 12 of the Offer Document has been extracted from the Offer Document and reproduced in italics below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

"12. THE OFFEROR'S INTENTIONS FOR THE COMPANY

12.1 It is the intention of the Offeror that the Company continues to carry on and grow its existing operations and businesses. Other than in the ordinary course of business of the Company, the Offeror presently has no intention to introduce any major changes to the businesses of the Company, redeploy the fixed assets of the Company or discontinue the employment of the employees of the Company and its subsidiaries. However, the Offeror retains the flexibility at any time to consider any options available in relation to the Company which it may regard to be in the interest of the Company.

12.2 Listing Status

Under Rule 1105 of the Listing Manual, where a take-over offer is made for the securities of a company, upon the announcement by the Offeror that acceptances have been received that bring the holdings owned by it and parties acting in concert with it to be above 90.00% of the total number of issued Shares (excluding treasury Shares), the SGX-ST may suspend the trading of such securities until such time when the SGX-ST is satisfied that at least 10.00% of the total number of issued Shares (excluding treasury Shares) are held by at least 500 shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that where the Offeror succeeds in garnering acceptances exceeding 90.00% of the total number of Shares (excluding treasury Shares), thus causing the percentage of the total number of Shares (excluding treasury Shares) held in public hands to fall below 10.00%, the SGX-ST will suspend the trading of the Shares at the close of the Partial Offer.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of the Shares held in public hands falls below 10.00%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10.00%, failing which the Company may be removed from the official list of SGX-ST.

As the Partial Offer is made for the Offer Shares, which, if successful, will result in the Offeror and parties acting in concert with the Offeror holding in aggregate 51.00% of the Shares in issue (excluding treasury Shares) as at the Closing Date, the Offeror and parties acting in concert with it will not, as a result of the Partial Offer, own, control or acquire more than 90.00% of the Shares. Accordingly, Rules 1105 and 724(1) of the Listing Manual will not be invoked solely as a result of the Partial Offer.

The Offeror intends to maintain the present listing status of the Company and does not intend to privatise the Company."

8. NO IRREVOCABLE UNDERTAKINGS

The information on any undertakings provided by the Shareholders for the Partial Offer is set out in Section 15.2 of the Offer Document.

9. FINANCIAL EVALUATION OF THE PARTIAL OFFER

The information on the financial evaluation of the Partial Offer is set out in Section 14 of the Offer Document.

10. TEMPORARY TRADING COUNTER FOR TRADING OF ODD-LOTS

The information on the temporary trading counter for trading of odd-lots, in connection with the Partial Offer, is set out in Section 16 of the Offer Document.

11. CONFIRMATION OF FINANCIAL RESOURCES

The information on the confirmation of financial resources by SAC Capital, as the financial adviser to the Offeror in connection with the Partial Offer, is set out in Section 17 of the Offer Document.

12. DISCLOSURES OF HOLDINGS AND DEALING IN RELEVANT SECURITIES

The information on the disclosure of holdings and dealing in Relevant Securities (as defined in the Offer Document) by the Offeror and parties acting in concert with it is set out in Section 15.1 of the Offer Document.

13. DIRECTORS' INTERESTS AND INTENTIONS

13.1 Interests in the Company Securities

Details of the Directors' direct and deemed interests in the Company Securities as at the Latest Practicable Date are set out in **Appendix 2** to this Circular.

13.2 Intentions with regard to the Partial Offer

The Director, Ms. Chada Anitha Reddy, who holds Shares is considered a party acting in concert with the Offeror and will not be eligible to participate in the Partial Offer as an Offer Shareholder. Thus, she will not be entitled to accept or approve the Partial Offer in respect of any Shares held by her.

The Independent Directors do not hold any Shares.

13.3 Interests in the Offeror Securities

Details of the Directors' direct and deemed interests in the Offeror Securities as at the Latest Practicable Date are set out in **Appendix 2** to this Circular.

14. ADVICE AND RECOMMENDATION

14.1 Appointment of Independent Financial Adviser

Xandar Capital has been appointed as the independent financial adviser to the Independent Directors in respect of the Partial Offer. Shareholders should read the IFA Letter in its entirety and consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether to vote on and/or accept or reject the Partial Offer. The IFA's advice is set out in its letter dated 25 April 2019, as set out in **Appendix 1** to this Circular.

14.2 Independent Directors

Mr. Maneesh Tripathi, Mr. Tushar s/o Pritamlal Doshi, and Mr. Doraraj S are considered Independent Directors for the purposes of the Partial Offer and are required to make a recommendation to the Shareholders in respect of the Partial Offer.

Ms. Chada Anitha Reddy is a non-independent and non-executive director of the Company and is concurrently a party acting in concert with the Offeror and faces a conflict of interest in relation to the Partial Offer. In view of the above, the Offeror has sought and obtained a ruling from the SIC that Ms. Chada Anitha Reddy be exempted from making a recommendation to the Shareholders in respect of the Partial Offer.

All the Directors (including, for the avoidance of doubt, Ms. Chada Anitha Reddy) are jointly and severally responsible for the accuracy of facts stated or opinions expressed in the documents and advertisements issued by, or on behalf of, the Company in connection with the Partial Offer.

14.3 Key Factors Taken into Consideration by the IFA

A summary of the key factors taken into consideration by the IFA in arriving at its advice and recommendation to the Independent Directors in respect of the Partial Offer is set out in paragraph 9 of the IFA Letter, as set out in **Appendix 1** to this Circular.

Shareholders should read the summary of key factors taken into consideration by the IFA in arriving at its advice and recommendation to the Independent Directors in respect of the Partial Offer in conjunction with, and in the context of, the full text of the IFA Letter.

14.4 The IFA's Advice to the Independent Directors

Having regard to the considerations set out in the IFA Letter, as set out in **Appendix 1** to this Circular, the IFA has made certain recommendations to the Independent Directors in respect of the Partial Offer, as set out in paragraph 9 of the IFA Letter.

Shareholders should read the IFA's recommendation to the Independent Directors in respect of the Partial Offer in conjunction with, and in the context of, the full text of the IFA Letter.

14.5 Recommendation of the Independent Directors

The Independent Directors, having considered carefully the terms of the Partial Offer and the advice given and recommendation made by the IFA in the IFA Letter, CONCUR with the recommendation of the IFA in respect of the Partial Offer, and accordingly, recommend that Shareholders VOTE IN FAVOUR of and ACCEPT the Partial Offer.

In making the above recommendation, the Independent Directors have not had regard to the general and specific investment objectives, financial situations, risk profiles, tax positions and/or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment profiles and objectives, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio to consult his stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Shareholders should read and consider carefully the recommendation of the Independent Directors and the IFA Letter in their entirety before deciding whether to vote in favour of and/or accept the Partial Offer. Shareholders are also urged to read the Offer Document carefully.

Shareholders should not rely on the opinion and advice of the IFA and/or the Independent Directors as the sole basis for deciding whether to vote in favour of and/or accept the Partial Offer.

15. OVERSEAS SHAREHOLDERS

15.1 Overseas Shareholders

The availability of the Partial Offer to Offer Shareholders whose addresses are outside Singapore as shown in the records of CDP or as shown on the Register, as the case may be (each, an "**Overseas Shareholder**"), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. Overseas Shareholders should refer to Section 18 of the Offer Document.

15.2 Copies of Circular

This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may, nevertheless, obtain copies of this Circular during normal business hours and up to the Closing Date from the registered office of the Company, at 152 Ubi Avenue 4, Singapore 408826. Alternatively, an Overseas Shareholder may write to the Company at the aforementioned address to request for this Circular and any related documents to be sent to an address in Singapore by ordinary post at his/her own risk, up to five (5) Market Days prior to the Closing Date.

16. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should refer to Section 19.2 of the Offer Document.

17. ACTION TO BE TAKEN

17.1 Voting on Partial Offer

The Offer Shareholders who wish to vote for or against the Partial Offer in respect of all or any number of Shares held by them as at the Record Date must abide by the procedures for the voting of the Partial Offer as set out in Section 7 of and Appendix 2 to the Offer Document and the Acceptance Forms.

17.2 Acceptance of Partial Offer

The Offer Shareholders who wish to accept the Partial Offer in respect of all or any of their Shares held by them as at the Record Date must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Partial Offer as set out in Section 7 of and Appendix 2 to the Offer Document and the Acceptance Forms.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror, by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, no later than 5.30 p.m. (Singapore time) on the Closing Date.

The Offer Shareholders who do not wish to vote on and accept the Partial Offer need not take any further action in respect of the Offer Document and the Acceptance Form which have been sent to them.

17.3 Timing for Acceptance and Voting

An Offer Shareholder may tender Shares for acceptance under the Partial Offer and vote on the Partial Offer at the same time or at separate times but provided that such acceptance and/or votes must be received by the Offeror c/o CDP or the Offeror c/o Boardroom (as the case may be), in each case to arrive not later than 5.30 p.m. (Singapore time) on the Closing Date in accordance with the procedures set out in Appendix 2 to the Offer Document and the instructions printed on the relevant Acceptance Form.

18. DIRECTORS' RESPONSIBILITY STATEMENT

Save for the IFA Letter, the Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than the IFA Letter) are fair and accurate and, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading. The Directors jointly and severally accept full responsibility accordingly.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement and the Offer Document), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Circular.

The recommendation set out in **Section 14.5** of this Circular is the sole responsibility of the Independent Directors.

19. ADDITIONAL GENERAL INFORMATION

Additional general information is provided in **Appendix 2** to this Circular.

The attention of Shareholders is also drawn to **Appendices 3 and 4** to this Circular.

Yours faithfully
For and on behalf of the Board

Maneesh Tripathi
Executive Director and Group CEO

LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

25 April 2019

SEVAK Limited
152 Ubi Avenue 4
Level 4, Smart Innovation Centre
Singapore 408826

Attention: The Independent Directors
(as defined below)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE LTD TO THE INDEPENDENT DIRECTORS OF SEVAK LIMITED IN RELATION TO THE VOLUNTARY CONDITIONAL CASH PARTIAL OFFER TO ACQUIRE 1,482,387 ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF SEVAK LIMITED BY SAC CAPITAL PRIVATE LIMITED FOR AND ON BEHALF OF SMART ENTERTAINMENT PRIVATE LIMITED (THE "PARTIAL OFFER")

*Unless otherwise defined or the context otherwise requires, capitalised terms used herein shall have the same meanings ascribed to them in the circular to the shareholders of SEVAK Limited dated 25 April 2019 (the "**Circular**").*

1. INTRODUCTION

On 21 March 2019 (the "**Offer Announcement Date**"), SAC Capital Private Limited ("**SAC Capital**") announced for and on behalf of Smart Entertainment Private Limited (the "**Offeror**"), that the Offeror intends to make the Partial Offer to acquire 1,482,387 ordinary shares (the "**Offer Shares**") in the capital of SEVAK Limited (the "**Company**") at an offer price of S$4.00 (the "**Offer Price**") for each Offer Share (the "**Offer Announcement**").

As at the Offer Announcement Date, the Company's share capital comprised 11,851,225 issued ordinary shares (the "**Shares**"), excluding 1,165,205 treasury Shares. The Offer Shares hence represents approximately 12.51% of the total issued Shares of the Company (excluding treasury Shares).

It was disclosed in the Offer Document that, as at 4 April 2019 (being the latest practicable date prior to the printing of the Offer Document), the Offeror does not own any Shares while the Offeror and the parties acting in concert with it (the "**Offeror Group**") own an aggregate of 4,561,773 Shares ("**Offeror Shares**"), representing approximately 38.49% of the total issued Shares of the Company (excluding treasury Shares) as at the Offer Announcement Date.

As set out in the Offer Announcement, the Offeror will make the Partial Offer in accordance with Rule 16.4 of The Singapore Code on Take-overs and Mergers (the "**Code**"). The Partial Offer will be extended to all Shareholders other than the Offeror Group as at the

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record date (the "**Offer Shareholders**"), with the record date being the 14th day before the closing date of the Partial Offer (the "**Closing Date**"), for the purpose of determining the entitlements of the Offer Shareholders to the Partial Offer (the "**Record Date**").

In the event that (i) the Partial Offer is approved with the receipt of more than 50.00% of the valid votes from the Offer Shareholders by the Close of the Partial Offer; and (ii) the Offeror receives valid acceptances in respect of not less than 1,482,387 Offer Shares by the close of the Partial Offer, the Offeror Group will hold in aggregate 51.00% of the Shares in issue (excluding treasury Shares) as at the close of the Partial Offer, assuming that there are no changes to the total issued Shares of the Company between the Offer Announcement Date and the close of the Partial Offer.

Xandar Capital Pte Ltd ("**Xandar Capital**") has been appointed by the Company to act as the independent financial adviser to advise the Directors who are considered independent for the purposes of the Partial Offer, namely Mr. Doraraj S., Mr. Tushar s/o Pritamlal Doshi, and Mr. Maneesh Tripathi (collectively, the "**Independent Directors**"), for the purpose of making their recommendation in relation to the Partial Offer to the Offer Shareholders.

Shareholders should have by now received a copy of the offer document issued by SAC Capital for and on behalf of the Offeror dated 11 April 2019 (the "**Offer Document**"), setting out, *inter alia*, the terms and conditions of the Partial Offer.

This letter (this "**IFA Letter**") sets out, *inter alia*, our evaluation and advice on the terms of the Partial Offer. This IFA Letter forms part of the Circular which provides, *inter alia*, details of the Partial Offer and the recommendations of the Independent Directors on the Partial Offer.

Both the Offer Document and Circular are also available on the SGXNet.

2. TERMS OF REFERENCE

We are not and were not involved in any aspect of the negotiations pertaining to the Partial Offer nor deliberations leading up to the making of the Partial Offer. Our evaluation is limited to the terms of the Partial Offer, and does not take into account the legal risks, commercial risks or merits, financial risks or merits of the Partial Offer.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Partial Offer, or the future performance or prospects of the Company, its subsidiaries and associated companies (the "**Group**"). We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group.

We have not been requested, instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Partial Offer. In this regard, we are not addressing the relative merits of the Partial Offer as compared to any alternative transaction.

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In the course of our evaluation and for the purpose of providing our opinion in relation to the Partial Offer, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company (including the Circular) and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors (including any who may have delegated detailed supervision of the preparation of the Circular), having taken all reasonable care, jointly and severally, accept responsibility for the fairness and accuracy of the facts stated and all opinions expressed in the Circular which relate to the Company (other than those relating to the Offeror Group) and there are no material facts which have been omitted from the Circular. Where information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately extracted from those sources or, as the case may be, accurately reflected or reproduced in the Circular. In relation to this IFA Letter, the Directors have confirmed that the facts stated herein with respect to the Company are, to the best of their knowledge and belief, fair and accurate in all material respects.

We have not made any independent evaluation or appraisal of the assets or liabilities of the Group and no independent valuation was commissioned by the Company for the purpose of the Partial Offer, although the Company had engaged independent external valuers to assess the valuation of certain assets (namely, buildings under property, plant and equipment and investment properties) in connection with the Company's preparation of its audited consolidated financial statements for the financial year ended 31 December 2018 ("**FY2018**"). As such, we will be relying on the disclosures and representations made by the Company regarding the values of such assets. We have not made any independent verification of the valuation of such assets.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular and the Offer Document as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Partial Offer, which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in

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relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Partial Offer, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

The Company has been advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Partial Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.

3. THE PARTIAL OFFER

The salient terms of the Partial Offer are set out in Section 2 of the Offer Document and Section 2 of the Circular. Shareholders are advised to refer to these sections for further details.

3.1 The Offer Price

The Offer Price for each Offer Share tendered in acceptance of the Partial Offer is **S$4.00** in cash.

3.2 The Offer Shares

The Partial Offer will be made for 1,482,387 Shares, other than:

(i) Shares held in treasury. There are 1,165,205 treasury Shares as at the Offer Announcement Date; and

(ii) Shares already owned, controlled or agreed to be acquired by the Offeror Group.

The Partial Offer will be extended to all Offer Shareholders as at the Record Date. The minimum entitlement of each Offer Shareholder shall be determined with reference to the relevant percentage ("**Relevant Percentage**"), being the 1,482,387 Offer Shares expressed as a percentage of the Shares in issue (excluding treasury Shares) as at the Record Date less the Offeror Shares.

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As at the Record Date, the relevant number of Shares are as follows:

Number of Offer Shares	:	1,482,387
Number of Shares in issue	:	13,016,430
Number of Treasury Shares	:	1,165,205
Number of Shares in issue (excluding Treasury Shares)	:	11,851,225
Number of Offeror Shares	:	4,561,773
Number of Shares in issue (excluding Treasury Shares and Offeror Shares)	:	7,289,452

Based on the above, the Relevant Percentage is approximately 20.335%.

As an illustration, the minimum entitlement of an Offer Shareholder holding 1,000 Shares shall be 203 Offer Shares (fractional entitlement of 0.35 Shares disregarded).

3.3 No Encumbrances

The Offer Shares will be acquired (i) fully paid, (ii) free from all claims, liens, equities, mortgages, charges, encumbrances, hypothecations, retention of title, power of sale, options, rights of pre-emption, rights of first refusal or other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital (collectively the "**Distributions**") (if any) which may be announced, declared, paid or made by the Company on or after the Offer Announcement Date.

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price to a Shareholder who validly accepts or has validly accepted the Partial Offer by the amount of such Distributions.

Since the Offer Announcement Date up to the Latest Practicable Date, the Company has not declared, made or paid any Distribution.

3.4 Conditions to the Partial Offer

The Partial Offer is conditional on:

(a) the Offeror having received, by the close of the Partial Offer, approval of the Partial Offer by the Offer Shareholders representing more than 50.00% of the valid votes received from the Offer Shareholders (the Offeror Group and their respective associates shall abstain from voting); and

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(b) the Offeror having received, by the close of the Partial Offer, valid acceptances in respect of not less than 1,482,387 Offer Shares which, taken together with the Shares owned, controlled or agreed to be acquired by the Offeror Group, will result in the Offeror Group holding in aggregate 51.00% of the Shares in issue (excluding treasury Shares) as at the close of the Partial Offer, assuming that there are no changes to the total issued Shares of the Company between the Offer Announcement Date and the close of the Partial Offer.

3.5 Acceptances

An Offer Shareholder may tender for acceptance under the Partial Offer (a) any or all of the Relevant Percentage of Shares held by him/her as at the Record Date (fractional entitlements to be disregarded) (the "**Relevant Percentage Offer Shares**"); and (b) any Excess Shares (as defined below). This entitlement is not transferable.

In addition to the Relevant Percentage Offer Shares, an Offer Shareholder may also tender further Shares held in excess of his/her Relevant Percentage Offer Shares (the "**Excess Shares**") for acceptance under the Partial Offer in the event that any one or more Offer Shareholders do not accept their full entitlement of their respective Relevant Percentage Offer Shares.

Under the terms of the Partial Offer, the Offeror is permitted to acquire only the Offer Shares and is not permitted to acquire any additional Shares which may be tendered for acceptance under the Partial Offer. In the event the aggregate number of Shares for both "Relevant Percentage Offer Shares" and "Excess Shares" tendered for acceptance under the Partial Offer exceeds the number of Offer Shares, the Excess Shares tendered by Offer Shareholders will be accepted on a pro-rata basis up to the number which, when aggregated with the Relevant Percentage Offer Shares, will equal the number of Offer Shares (but in a manner which minimises the number of new odd-lot shareholdings as the Offeror may in its absolute discretion deem fit in the interest of the Offeror), provided the Partial Offer becomes unconditional in all respects.

3.6 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Partial Offer will be deemed to unconditionally and irrevocably warrant to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain (if any) all Distributions announced, declared, paid or made by the Company on or after the Offer Announcement Date.

3.7 The Partial Offer Period

As set out in the Offer Document, the Record Date is 25 April 2019 and the Closing Date shall be 9 May 2019.

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Pursuant to Rule 22.4 of the Code, any announcement of an extension of the Partial Offer will state the next closing date or if the Partial Offer is unconditional as to acceptances, a statement may be made that the Partial Offer will remain open until further notice.

If the Partial Offer becomes or is declared to be unconditional as to acceptances, the Partial Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Offer Shareholders who have not accepted the Partial Offer the opportunity to do so.

Pursuant to Rule 22.5 of the Code, the Offeror is not obliged to extend the Partial Offer if the conditions to the Partial Offer are not fulfilled by the Closing Date.

3.8 Irrevocable Undertaking

As at the date of the Offer Document, none of the Offeror and parties acting in concert with it has received any irrevocable undertaking from any party to accept, approve or reject the Partial Offer.

4. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore on 15 July 1993 and has been listed on the Mainboard of the SGX-ST since 19 November 1999.

The core businesses of the Company and its subsidiaries are distribution of operator products and services, Information Communications and Technology (ICT) distribution and managed services, and mobile devices retail business. The Company has also since the later part of FY2016, through its subsidiary, ventured into the business of operating a fleet of battery electric vehicles for passenger land transport.

On 4 March 2015, the Company was admitted to the SGX-ST Watch-List after three years of losses and an average market capitalisation below S$40 million. Since 2015, the Company had undertaken several corporate exercises including the disposing its non-core loss making operations to turnaround the performance of the Group. For the latest financial year ended 31 December 2018, the Group reported profit before taxation from continuing operations of S$4.77 million and a profit for the year of S$3.75 million. As at the Latest Practicable Date, the Company has applied to exit the SGX-ST Watch-List but the SGX-ST has notified that, due to the SGX-ST's concerns on the unusual price movements in the Shares, the SGX-ST will defer its review of the application to exit the SGX-ST Watch-List to June 2019.

Further information on the Company and the Group can be found in Appendix 4 to the Circular.

Based on the Offer Price of S$4.00 for each Offer Share and the share capital comprising 11,851,225 issued Shares (excluding 1,165,205 treasury Shares), the implied value of the Company is S$47,404,900.00 (the "**Offer Consideration**").

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5. INFORMATION ABOUT THE GROUP

5.1 Business Segments

The Group currently has four business segments. The breakdown of the Group's revenue by business and geographical segments are as follows:

	Financial year ended 31 December ("FY")					
	2016		2017		2018	
	S$'000	%	S$'000	%	S$'000	%
Distribution of operator products and services (Indonesia)	272,531	83.7	289,144	82.8	225,653	80.3
Information communications and technology ("**ICT**") distribution and managed services (Singapore and India)	41,369	12.7	46,062	13.2	41,345	14.7
Mobile devices distribution and retail (Indonesia)	11,434	3.5	13,062	3.7	12,492	4.4
Battery electric vehicles (Singapore)	156	0.1	885	0.3	1,589	0.6
Total	325,490	100.0	349,153	100.0	281,079	100.0

Based on the Company's annual report for FY2018, the profit contributing business segments are (i) distribution of operator products and services; and (ii) ICT distribution and managed services.

We also set out the Group's profit before taxation from continuing operations by business segments as follows:

	Financial year ended 31 December ("FY")					
	2016		2017		2018	
	S$'000	%	S$'000	%	S$'000	%
Distribution of operator products and services (Indonesia)	1,104	67.5	1,684	79.6	1,194	25.0
ICT distribution and managed services (Singapore and India)	1,305	79.7	1,662	78.6	5,021	105.3
Mobile devices distribution and retail (Indonesia)	(409)	(25.0)	(717)	(33.9)	(469)	(9.8)
Battery electric vehicles (Singapore)	(363)	(22.2)	(514)	(24.3)	(976)	(20.5)
Total	1,637	100.0	2,115	100.0	4,770	100.0

The Group reported higher profit before taxation from continuing operations of S$4.77 million for FY2018 as compared to S$2.12 million for FY2017. We note that the higher profit before taxation from continuing operations in FY2018 was primary due to a one-off

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gain on disposal of subsidiaries of S$4.18 million. Excluding this one-off gain, the Group would only have a profit before taxation from continuing operations of S$586,000 for FY2018.

5.2 Summary of Financial Performance

We set out the key financials extracted from the income statement of the Group as follows:

S$'000	FY2016	FY2017	FY2018
Revenue	325,490	349,153	281,079
Profit before taxation (1)	1,637	1,924	4,692
Profit for the year	473	784	3,749
Profit for the year attributable to owners of the Company	462	772	3,749

Note:

(1) Including loss before taxation from discontinued operations.

We note from the Company's annual report for FY2018 that the decrease in revenue was mainly due to intense competition in Indonesia and the general shift from voice to data.

While the Group registered a much lower revenue in FY2018, the Group had higher profits before taxation from continuing operations for FY2018. As mentioned above, the higher profit before taxation in FY2018 was primarily due to a one-off gain on disposal of subsidiaries of S$4.18 million. Excluding this one-off gain, the Group would only have a profit before taxation from continuing operations of S$586,000 for FY2018.

5.3 Summary of Financial Position

We set out the key financials extracted from the statements of financial position of the Group as follows:

	As at 31 December 2018
Current assets	54,521
Current liabilities	(23,015)
Net current assets	31,506
Non-current assets	13,336
Non-current liabilities	(3,121)
Net assets	41,721
Add back: Non-controlling interest	92
Net assets attributable to equity holders of the Company ("**NAV**")	41,813

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The Group only had intangible assets of S$16,000 (which relate mainly to licencing) as at 31 December 2018. After excluding such intangible assets, the Group would have net tangible assets ("**NTA**") of S$41,797,000.

We also set out below, assets which accounted for more than 5% of the NAV as at 31 December 2018 as follows:

	As at 31 December 2018	
	S$'000	**As a percentage of NAV**
Cash and cash equivalents (and fixed deposits)	24,195	57.9
Trade receivables	13,262	31.7
Inventories	10,360	24.8
Property, plant and equipment	8,885	21.2
Other receivables and deposits	4,288	10.3
Prepayments	3,081	7.4
Investment properties	2,630	6.3

As mentioned earlier, the Company had engaged independent external valuers to assess the valuation of certain assets (namely, buildings under property, plant and equipment and investment properties) in connection with the Company's preparation of its audited consolidated financial statements for FY2018.

In addition, the valuation of inventories and the valuation of trade and other receivables and loan receivable were identified by the Company's auditors as key audit matters in the audit of the Company's financial statements for FY2018. We note that the Company's auditors found the management's assessment of the allowance for inventory obsolescence and recoverability of trade and other receivables to be reasonable.

6. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in India on 24 January 1992. The Offeror and its subsidiaries are principally engaged in emerging technology business and entertainment and hospitality related businesses.

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of INR143,056,000 comprising 14,305,645 ordinary shares and approximately 99.93% of the shares of the Offeror are beneficially owned and controlled by Dr Modi Bhupendra Kumar ("**Dr Modi**"), investment vehicles controlled by Dr Modi and his family members.

Please refer to Appendix 3 to the Offer Document and Section 5 of the Circular for information on the Offeror.

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7. RATIONALE FOR THE PARTIAL OFFER

Please refer to Section 11 of the Offer Document for the rationale for the Partial Offer.

We note that the Partial Offer is made by the Offeror to increase the shareholdings of the Offeror Group in the Company to more than 50.00% so as to allow them to acquire statutory control of the Company and which will enable the Offeror Group to better control or influence the business or the future plans of the Company.

We also note that the Partial Offer represents an opportunity for Shareholders to realise part of their investment in the Company, while continuing to participate in the future performance of the Company.

8. EVALUATION OF THE PARTIAL OFFER

The following are the factors we considered to be pertinent and important in our evaluation of the Partial Offer:

(a) the historical performance of the Shares;

(b) the Company's status on the SGX-ST Watch-List;

(c) the latest financial performance and earnings based financial ratios of the Group;

(d) the financial position and assets based financial ratios of the Group;

(e) the valuation of the Group implied by the Offer Consideration versus the valuation of companies broadly comparable to the Group;

(f) comparison with recent non-privatisation transactions; and

(g) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

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8.1 The Historical Performance of the Shares

The Company was listed on the Mainboard of the SGX-ST on 19 November 1999.

Over the years, there were several events which significantly affect the trading prices of the Shares. We set out some of the key events we have identified in the last five years preceding the Offer Announcement Date:

Date	Event
4 March 2015	The Company was admitted to the SGX-ST Watch-List after three years of losses and an average market capitalisation below S$40 million.
30 June 2015	The Shares commenced trading on a consolidated basis following the share consolidation of 400 shares to one share (the "**Share Consolidation**").
21 June 2016	The Shares commenced trading on an "ex" basis in respect of the capital reduction and distribution of S$0.729 for each Share.
3 August 2017 to 19 October 2018	On 1 August 2017, the Company announced that the shareholders' resolution in relation to the adoption of a share buyback mandate was duly passed. Between 3 August 2017 and 19 October 2018, the Company carried out share purchases under the share buyback exercises authorised by the mandate. The total number of Shares purchased by the Company during this period was 1,861,227 Shares, of which 1,165,205 Shares remain as treasury shares and 696,022 shares were cancelled.
1 February 2019	The Company announced that it was notified of a possible partial offer for the shares of the Company pursuant to Rule 16 of the Code.
21 March 2019	The Offer Announcement Date

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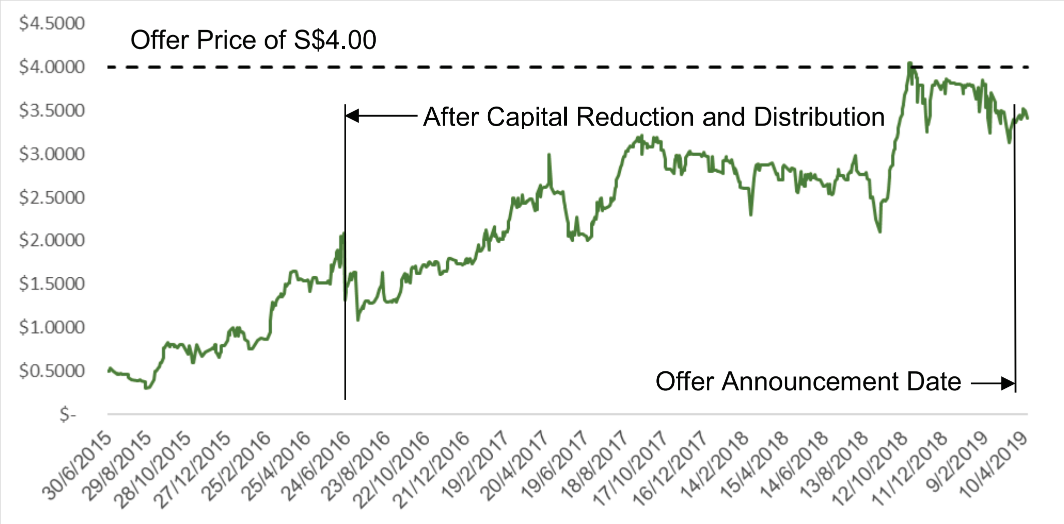
We set out the chart showing the closing price of the Shares relative to the Offer Price since the completion of the Share Consolidation to the Latest Practicable Date:



Source: Bloomberg L.P

As set out above, the closing prices of the Shares were below the Offer Price save for some days in October 2018 (specifically, 19 October 2018, 22 October 2018 and 25 October 2018).

The Company announced the possibility of a partial offer on 1 February 2019, after the close of the market. No offer price was mentioned in the announcement made on 1 February 2019. We tabulate below the trading statistics of the Shares since 2 February 2017, being the 24-month period prior to the announcement of a potential Partial Offer, up to the Latest Practicable Date:

	Highest price S$ (1)	Lowest price S$ (2)	VWAP S$ (3)	Premium of the Offer Price to VWAP %	Average daily trading volume (4)
<u>**Prior to, including 1 February 2019**</u>					
Last 24 months	4.080	1.980	2.933	36.4	8,998
Last 12 months	4.080	2.100	3.209	24.6	6,438
Last 6 months	4.080	2.100	3.369	18.7	8,690
Last 3 months	3.870	3.200	3.645	9.8	3,539
Last 1 month	3.810	3.200	3.661	9.3	4,981
On 1 February 2019	3.530	3.200	3.408	17.4	8,200

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	Highest price S$ (1)	Lowest price S$ (2)	VWAP S$ (3)	Premium of the Offer Price to VWAP %	Average daily trading volume (4)
Between 2 February 2019 and the Offer Announcement Date					
2 February 2019 to 21 March 2019	3.850	3.010	3.416	17.1	2,854
On 21 March 2019, being the Offer Announcement Date	3.280	3.010	3.179	25.8	1,600
After the Offer Announcement Date					
22 March 2019 to the Latest Practicable Date	3.530	3.320	3.432	16.6	1,073
On the Latest Practicable Date	3.530	3.410	3.443	16.2	3,900

Source: Bloomberg L.P.

Notes:

(1) The highest price refers to the highest trading price during the relevant period.

(2) The lowest price refers to the lowest trading price during the relevant period.

(3) The volume weighted average price ("**VWAP**") of the Shares over the relevant period, rounded to the nearest three decimal places.

(4) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period, divided by the number of days on which the Shares were traded during the relevant period.

As set out in the table of event, the Company has carried out share purchases under the share buyback exercises between August 2017 and October 2018. We tabulate the trading statistics of the Shares excluding the shares purchases under the share buyback exercises for the affected periods as follows:

	VWAP S$	Premium of the Offer Price to VWAP %	Average daily trading volume
Prior to, including 1 February 2019			
Last 24 months	2.755	45.2	5,061
Last 12 months	3.133	27.7	4,110
Last 6 months	3.366	18.8	4,743

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As set out in the tables above:

(i) the Offer Price represents a premium to the VWAP of the Shares for the 24 months periods prior to and including 1 February 2019 and remained as a premium to the VWAP up to the Offer Announcement Date;

(ii) the Shares only traded above S$4.00 for three trading days during the above-mentioned periods;

(iii) after excluding the share purchases under the share buyback exercises from August 2017 to October 2018, the average daily trading volume of the Shares for the affected periods would be lower at between 4,110 Shares and 5,061 Shares (as compared to between 6,438 Shares and 8,998 Shares). Based on the Company's free float of 5,513,937 Shares (being Shares other than those held by substantial shareholders, directors and their associates), the average daily trading volumes of the Shares after excluding the share purchases under the share buyback exercises would be lower than 0.1% of the free float of the Company; and

(iv) after the Offer Announcement Date and up to the Latest Practicable Date, the Offer Price continued to represent a premium to the VWAP of the Shares. However, the liquidity of the Shares is reduced as the average daily trading volume of the Shares decreased to less than 2,000 Shares.

8.2 The Company's status on the SGX-ST Watch-List

The Company was admitted to the SGX-ST Watch-List after three years of losses and an average market capitalisation below S$40 million.

Under Rule 1314 of the SGX-ST, the Company may apply to remove itself from the SGX-ST Watch-List within 24 months from 4 March 2015 (the "**Cure Period**"), if the Company records consolidated pre-tax profit for its most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S$40 million or more over the last six (6) months preceding the date of application.

On 19 October 2016, the Company applied and was granted an extension of the Cure Period till 3 March 2018, being an extension of 12 months from 3 March 2017 (the "**Extended Cure Period**").

On 18 December 2017, the Company applied and was further granted an extension till 3 March 2019, being another 12 months to the Extended Cure Period for its removal from the SGX-ST Watch-List.

On 24 January 2019, the Company applied to exit the SGX-ST Watch-List (the "**Application**").

On 31 January 2019, the Singapore Exchange Regulations Pte Ltd urged caution regarding the dealing in the Shares based on its observations, including that the

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Company's market capitalisation increased by approximately S$14.8 million from 17 September 2018 to reach S$44.4 million on 25 January 2019.

On 21 February 2019, the Company was notified by the SGX-ST that, due to the SGX-ST's concerns on the unusual price movements in the Shares, the SGX-ST will defer its review of the Application to June 2019, and has granted the Company a three months extension to 3 June 2019 (the "**Extended Deadline**"). The SGX-ST will review the Application and determine whether the Company meets the financial exit criteria pursuant to Rule 1314 of the Listing Manual of the SGX-ST, based on the Company's market capitalisation as at the Extended Deadline, and also taking into consideration the Company's full-year consolidated audited accounts for FY2018. There is no assurance that the SGX-ST will approve the Application.

8.3 The Recent Financial Performance and Earnings Based Financial Ratios of the Group

As set out in Sections 5.1 and 5.2 of this IFA Letter, the Group's revenue increased from S$325.49 million in FY2016 to S$349.15 million in FY2017 then decreased to S$281.08 million in FY2018. Despite the fluctuating revenue, the Group recorded improving profits, from a profit before taxation of S$1.64 million in FY2016 to S$1.92 million in FY2017 then S$4.69 million in FY2018.

When reviewing the historical financial performance of the Group, we also determined if there is any one-off item which may affect the valuation of a company as a going concern.

As mentioned in Section 5.1 of this IFA Letter, we note that the higher profit before taxation from continuing operations in FY2018 was primarily due to a one-off gain on disposal of subsidiaries of S$4.18 million. Excluding this one-off gain, the Group would only have a profit before taxation of S$586,000 for FY2018.

Besides the abovementioned one-off gain, we note that the Group also had other income (operating and non-operating) totalling S$4.48 million for FY2018. Such other income included a write-back of trade payable of S$3.91 million. We understand that the write-back of trade payable arose pursuant to an arrangement with a telecom operator in Indonesia and the Group also incurred one-off other expenses with the writing off of inventories in connection with the arrangement. Accordingly, the net financial impact of the arrangement to the profit of the Group for FY2018 is negligible and we have not made any adjustments for such one-off income and expenses in our analysis.

Earnings based financial ratios implied by the Offer Consideration

The two main earnings based financial ratios applied in assessing the relative valuation of a listed company are price to earnings ratio ("**PER**") and enterprise value ("**EV**") over earnings before interest, tax, depreciation and amortisation ("**EBITDA**") ratio.

Based on the latest full year profit attributable to owners of the Company of S$3.75 million for FY2018, the PER of the Group as implied by the Offer Price is 12.6 times.

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We calculate the Group's EV/EBITDA ratio as follows:

EV	S$'million	**EBITDA**	S$'million
Offer Consideration	47.40	Profit before taxation	4.77
Add: Non-controlling interest	0.09	Less: Interest income	(0.50)
Add: Total debts	5.03	Add: interest expenses	0.50
Less: Cash and cash equivalents [(1)]	(18.46)	Add: Depreciation and amortisation	1.24
	34.06		6.00

Note:

(1) As extracted from the cash flow statements which excluded cash and bank deposits pledged and added back unpledged fixed deposits.

As set out above, the EV/EBITDA of the Group as implied by the Offer Consideration is 5.7 times.

However, as mentioned above, the profit before taxation of the Group from continuing operations for FY2018 included a one-off gain on disposal of subsidiaries of S$4.18 million. Excluding such one-off gain, the EBITDA of the Group for FY2018 would be S$1.82 million. The adjusted EV/EBITDA ratio of the Group would then be 18.7 times.

8.4 The Financial Position and Assets Based Financial Ratios of the Group

The key balance sheet numbers of the Group can be found in Section 5.3 of this IFA Letter.

We note that, as at 31 December 2018:

(i) the Group had a healthy working capital position;

(ii) the Group had cash and cash equivalent and fixed deposits (including pledged cash and bank deposits) totalling S$24,195,000, equivalent to cash per Share of approximately S$2.04 based on the Company's share capital of 11,851,225 Shares;

(iii) we calculated the Group's trade receivables' turnover days and inventories turnover days for FY2017 and FY2018 to be lower than 20 days; and

(iv) the Group had gearing ratio (being total debts divided by total equity) of only about 0.1 time.

The Directors also confirmed that, to the best of their knowledge and belief, there are no additional provisions or impairment to be made to the value of the assets as at 31 December 2018 and all liabilities were recorded and accounted for as at 31 December 2018.

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Financial ratios implied by the Offer Consideration

The two main assets based financial ratios applied in assessing the relative valuation of a listed company are the price to NAV ("**P/NAV**") ratio and the price to NTA ("**P/NTA**") ratio.

Based on the latest audited NAV of the Group of S$41.81 million as at 31 December 2018, the P/NAV ratio of the Group implied by the Offer Consideration is 1.1 times, or a premium of 13.4% to the latest audited NAV of the Group. On a per Share basis, the NAV per Share of the Group is S$3.53 and therefore, the Offer Price represents a premium of S$0.47 for each Share.

Based on the latest audited NTA of the Group of S$41.80 million as at 31 December 2018, the P/NTA ratio of the Group implied by the Offer Consideration is 1.1 times, or a premium of 13.4% to the latest audited NTA of the Group. On a per Share basis, the NTA per Share of the Group is S$3.53 and therefore, the Offer Price represents a premium of S$0.47 for each Share.

8.5 The Valuation of the Group implied by the Offer Consideration versus the Valuation of Companies Broadly Comparable to the Group

We have applied the following earnings based and assets based valuation ratios in this analysis:

Valuation ratios	General description
PER	The PER illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
EV/EBITDA	EV is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. The EV/EBITDA multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. For better comparison purposes, we have also excluded one-off gains from disposal of assets from the calculation of EBITDA. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax cash flow and performance of its continuing operations.

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Valuation ratios	General description
P/NAV	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.

As set out in Section 5.1 of this IFA Letter, the Group's main profit generating business segments are (i) distribution of operator products and services (Indonesia); and (ii) ICT distribution and managed services (Singapore and India). Accordingly, we have identified the following listed companies as broadly comparable to the Group in our evaluation of the Partial Offer:

Name of comparable companies		Brief business description	Market capitalisation (S$'million)
CSE Global Limited	Singapore	CSE Global Limited provides systems integration and information technology offers solutions to businesses for selling online and offline for consumer goods, as well as real-time big data analytics and artificial intelligence services.	266.7
Cyberlinks Co., Ltd	Tokyo	Cyberlinks Co., Ltd. provides cloud computing implementation, maintenance and operation services to distribution companies and governments agencies. The company also provides mobile network service and also operates mobile device stores.	62.8
TeleChoice International Limited	Singapore	TeleChoice International Limited provides mobile network engineering services and solutions. The company also imports, markets, and distributes telecommunication equipment and electronic products. TeleChoice provides after sales support, public mobile data and location tracking services, radio paging services, and international direct dial services.	97.7

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Name of comparable companies		Brief business description	Market capitalisation (S$'million)
Forval Telecom, Inc	Tokyo	Forval Telecom, Inc is a telecommunication services reseller, and provides discount international and domestic telephone and cellular phone services for the business and private sectors. The company also sells prepaid telephone cards and calling card services, and also does network and systems consulting.	74.4
REDtone International Berhad	Bursa Malaysia	REDtone International Berhad is an investment holding company. The company, through its subsidiaries, offers telecommunications services and solutions and office communication solutions.	71.4
Information and Communication Networks Public Company Limited	Bangkok	Information and Communication Networks Public Company Limited operates as a telecommunication company. The company offers call control, consumer and business VoIP, broadband and radio access, IP transport, and networking solutions for information and communication technologies. The company serves customers worldwide.	37.5

Source: Bloomberg Finance L.P.

The table below sets out the financial ratios of the identified comparable companies as at the Latest Practicable Date:

	Net Profit (S$'million)	PER (times)	EV/EBITDA (times)	P/NAV (times)
CSE Global Ltd	20.1	13.3	7.0	1.6
Cyberlinks Co Ltd	3.9	16.2	5.3	1.3
TeleChoice International Ltd	4.0	24.4	10.1	1.4
Forval Telecom, Inc	7.3	10.4	9.4	2.4

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	Net Profit (S$'million)	PER (times)	EV/EBITDA (times)	P/NAV (times)
REDtone International Berhad	4.5	16.1	6.1	1.5
Information and Communication Networks Public Company Limited	3.5	10.4	4.6	1.7
Maximum		24.4	10.1	2.4
Minimum		10.4	4.6	1.3
Mean		15.1	7.1	1.6
Median		14.7	6.6	1.5
The Company [(1)]	3.8	12.6	5.7	1.1
The Company (based on the adjusted EBITDA) [(1)]			18.7	

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

Note:

(1) Please refer to Sections 8.3 and 8.4 of this IFA Letter for the calculation of the Company's ratios.

As set out in the above table:

(i) the earnings based financial ratios of the Group as implied by the Offer Consideration are within the range but lower than the mean and median ratios of the selected comparable companies;

(ii) if the one-off gain from the disposal of subsidiaries of S$4.18 million had been excluded, the EV/EBITDA ratio of the Group as implied by the Offer Consideration would be higher than the range of the selected comparable companies; and

(iii) the assets based financial ratio (being P/NAV ratio) of the Group as implied by the Offer Consideration is slightly lower than the corresponding range of the selected comparable companies. Nevertheless, the Offer Consideration still represents a premium to the latest audited NAV of the Group.

We wish to emphasize again that the above selected comparable companies are not directly comparable to the Group. The target markets in which they operate are different. They also have different scale of operations, asset base, risk profile, track record, future

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prospects and other relevant criteria. Hence, any comparison merely serves as an illustration and that the conclusions drawn from the comparisons may not necessarily reflect the perceived market valuation of the Group as at the Latest Practicable Date.

8.6 Comparison with Recent Non-Privatisation Transactions

For the purpose of our evaluation, we have compared the valuation parameters implied by the Offer Consideration vis-à-vis recent cash non-privatisation transactions which were successfully announced and completed by companies listed on the SGX-ST (the "**Recent Transactions**") as at the Latest Practicable Date.

We wish to highlight that none of the Recent Transactions is a partial offer. The Recent Transactions are not directly comparable to the Partial Offer in terms of type of offer, shareholding percentage already held by the offeror as at the date of announcement of the offer and conditions to the offer and undertaking already received by the offeror in respect of the offer. The companies under the Recent Transactions are also not comparable to the Company in terms of business activities, market capitalisation, revenue size, assets base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each transaction / company must be judged on its own commercial and financial merits. In addition, the list of Recent Transactions is by no means exhaustive and information relating to the Recent Transactions was compiled from publicly available information. Therefore, any comparison with the Recent Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative *premia* or discounts for the transactions.

The Recent Transactions are as follows:

		Premium / (Discount) of offer price over/(to):				
	Announcement Date [1]	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price / NAV (times)
Abundance International Limited	24 Mar 16	72.4	65.6	67.2	40.4	1.3
Halcyon Agri Corporation Limited	28 Mar 16	24.0	51.7	28.5	8.1	3.3
British and Malayan Trustees Limited	13 May 16	(61.9)	n.a. [2]	n.a.	n.a.	1.0
Ellipsiz Ltd	7 Jul 16	2.7	5.0	8.0	14.5	0.5
Healthway Medical Corporation Limited	7 Feb 17	2.4	8.9	15.0	16.8	0.7
International Healthway Corporation Limited	16 Feb 17	1.9	14.0	20.5	32.5	1.1
CMC Infocomm Limited	7 May 17	18.8	18.8	35.5	9.5	1.7
Cityneon Holdings Limited	12 May 17	(5.8)	0.6	3.9	0.3	3.2
United Engineers Limited	13 Jul 17	7.9	11.5	12.8	12.7	0.9

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	Announce-ment Date (1)	Premium / (Discount) of offer price over/(to): Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price / NAV (times)
Blumont Group Limited	24 Aug 17	(81.8)	(87.9)	(86.0)	(90.4)	0.6
Mary Chia Holdings Limited	24 Aug 17	68.2	93.0	96.1	99.6	2.8
BRC Asia Limited	8 Sep 17	33.1	30.3	35.3	42.0	0.8
New Wave Holdings Ltd.	19 Oct 17	44.4	38.0	9.0	18.7	0.9
TMC Education Corporation Ltd.	15 Dec 17	68.8	50.0	29.8	29.8	1.5
CH Offshore Ltd.	26 Jul 18	0.0	(11.0)	(11.6)	(21.7)	0.5
Chew's Group Limited	22 Aug 18	26.2	30.9	33.4	37.7	1.2
Sunrise Shares Holding Ltd.	6 Dec 18	21.4	30.8	36.0	14.9	0.3
Maximum		72.4	93.0	96.1	99.6	3.3
Minimum		(81.8)	(87.9)	(86.0)	(90.4)	0.3
Mean		14.3	21.9	20.8	16.6	1.3
Median		18.8	24.6	24.5	15.9	1.0
The Company	1 Feb 19	5.9	9.3	9.8	18.7	1.1
The Company	21 Mar 19	25.0	21.0	12.0	14.7	1.1

Source: Final offeree circulars or supplemental letters despatched by the respective companies for the offers.

Notes:

(1) Refers to the initial announcement date applied to determine the last undisturbed trading prices and VWAPs of the shares.

(2) 'n.a.' means not available.

As mentioned in Section 8.1 of this IFA Letter, the Company announced the possibility of a partial offer on 1 February 2019, after the close of the market. No offer price was mentioned in the announcement made on 1 February 2019. The Partial Offer was officially made on 21 March 2019, after the close of the market. Accordingly, we have set out the premiums represented by the Offer Price for both dates in the above table.

We note that:

(a) the premia implied by the Offer Price over the last transacted price, the VWAP for the one-month period and the VWAP for three-month period prior to 1 February 2019 (being announcement of a potential partial offer) are within the range but below the mean and median corresponding premia of the Recent Transactions;

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(b) the premia implied by the Offer Price over the VWAP for the six-month period prior to 1 February 2019 is within the range and slightly higher than the mean and median corresponding premia of the Recent Transactions;

(c) the premia implied by the Offer Price over the VWAP for the one-month period prior to the Offer Announcement Date is within the range and higher than the mean and median corresponding premia of the Recent Transactions; and

(d) the premia implied by the Offer Price over the NAV per Share is within the range, lower than the mean but slightly higher than the median corresponding premia of the Recent Transactions.

None of the Recent Transactions is a partial offer. However, we note that there is an ongoing partial offer for ordinary shares in the capital of Thakral Corporation Ltd. The offer document in relation to the partial offer for Thakral Corporation Ltd was despatched on 22 March 2019 and the circular by Thakral Corporation Ltd in relation to its partial offer was issued on 4 April 2019.

We summarise the partial offer for Thakral Corporation Ltd and the Partial Offer as follows:

Partial offer target	Percentage interest held by offeror and its concert parties as at the offer announcement date	Percentage interest represented by the offer shares under the partial offer	Target resultant percentage interest to be held by offeror and its concert parties as at the closing date of partial offer	Offer price
Thakral Corporation Ltd	39,188,560 shares representing approximately 29.95% interest in the company	26,510,000 shares representing approximately 20.26% interest in the company	65,698,560 shares representing approximately 50.20% interest in the company	S$0.50
The Company	4,561,773 Shares representing approximately 38.49% interest in the Company	1,482,387 Shares representing approximately 12.51% interest in the Company	6,044,160 Shares representing approximately 51.00% interest in the Company	S$4.00

We compare the valuation statistics of the partial offer for Thakral Corporation Ltd with the Partial Offer as follows:

		Premium of offer price over:				
	Announce-ment Date (1)	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	Offer price / NAV (times)
Thakral Corporation Ltd	4 Mar 19	11.1	17.1	18.2	17.9	0.5
The Company	21 Mar 19	25.0	21.0	12.0	14.7	1.1

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As the Offer Price was only announced on 21 March 2019 (the Offer Announcement Date), the valuation statistics implied by the Offer Price for the period prior to 21 March 2019 would be more relevant when comparing both partial offers.

We note from the table above that:

(i) the premia implied by the Offer Price over the last transacted price and the VWAP for the one-month period prior to the Offer Announcement Date are higher than those for Thakral Corporation Ltd;

(ii) the premia implied by the Offer Price over the VWAPs for the three-month and six-month periods prior to the Offer Announcement Date are lower than those for Thakral Corporation Ltd but still within the premium range of between 10% and 20%; and

(iii) the premia implied by the Offer Price over the NAV per Share is also higher than the P/NAV ratio of the partial offer for Thakral Corporation Ltd.

We wish to emphasize again that the above comparison is made as there is an ongoing partial offer for Thakral Corporation Ltd which is similar to the Partial Offer. Thakral Corporation Ltd is operating in a different industry and has different businesses and customer base as compared to the Group. Hence, the comparison merely serves as an illustration and that the conclusions drawn from the comparison may not necessarily reflect the perceived market valuation of the Group as at the Latest Practicable Date.

8.7 Other Considerations

In determining whether the Partial Offer is fair and reasonable, we have also considered the following:

(a) No alternative offer

There is no publicly available evidence of any alternative offer for the Shares or the Company from any third party. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Partial Offer proposed by the Offeror, no competing offer or revision of the Partial Offer has been received.

(b) No revision to the Offer Price

As set out in Section 2.3 of the Offer Document and Section 2.3 of the Circular, the Offeror does not intend to increase the Offer Price.

(c) In the event that the Partial Offer becomes unconditional in all respects

In the event that the Partial Offer becomes unconditional in all respects, then the Offeror Group will own statutory control of the Company representing 51.00% of the total number of Shares issued as at the Closing Date. The Offeror Group will be able to pass all ordinary

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resolutions of the Company, except for resolution in which the Offeror Group has an interest.

Nevertheless, as at the Latest Practicable Date, the Offeror Group already own an aggregate of 4,561,773 Shares, representing approximately 38.49% interest of the Company. With such shareholding, the Offeror Group is the single largest shareholder of the Company and can pass most of the ordinary resolutions of the Company, except for resolution in which the Offeror Group has an interest.

In addition, save for a six-month moratorium after the Closing Date as set out below, the Offeror Group will be able to acquire further Shares without incurring any obligation to make a general take-over offer for the Company.

(d) Six months moratorium to acquire further Shares

In the event of a successful Partial Offer, the Offeror Group are subject to a six months moratorium (after the Closing Date) to acquire further Shares.

(e) Dividend track record

The Company had not declared and/or paid any dividend since the financial year ended 31 March 2011. The Company made a capital reduction and distribution of $0.729 for each Share in June 2016.

We wish to highlight that the above is not an indication of the Company's future dividend policy, and there is no assurance that the Company will or will not pay dividends in future and/or maintain the level of dividends paid in past periods.

9. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Partial Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter and, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into consideration when assessing the Partial Offer:

(a) the Offer Price represents a premium to the VWAPs of the Shares for the various periods prior to 21 March 2019, being the Offer Announcement Date. The Offer Price continues to represent a premium to the VWAPs of the Shares for the various periods after the Offer Announcement Date;

(b) since the completion of the Share Consolidation, the closing prices of the Shares were below the Offer Price save for some days in October 2018 (specifically, 19 October 2018, 22 October 2018 and 25 October 2018);

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(c) the average daily trading volume of the Shares after excluding the share purchases under the share buyback exercises would be lower than 0.1% of the free float of the Company. This is in line with the rationale that the Partial Offer is an opportunity for Shareholders to realise part of their investment in the Company, while continuing to participate in the future performance of the Company;

(d) the Company has been on the SGX-ST Watch-List since 4 March 2015 and there is no assurance that the Company may be removed from the SGX-ST Watch-List in its upcoming review in June 2019;

(e) the earnings based financial ratios implied by the Offer Consideration are within the range of the selected comparable companies;

(f) excluding the one-off gain from the disposal of subsidiaries, the EV/EBITDA of the Group as implied by the Offer Consideration is higher than the range of the selected comparable companies;

(g) the Offer Price is at a premium to the NAV and NTA of the Group, although the P/NAV ratio implied by the Offer Consideration is below the range of the selected comparable companies;

(h) when comparing the Partial Offer with the Recent Transactions, the premia implied by the Offer Price are within the range of the Recent Transactions;

(i) when comparing the Partial Offer with the partial offer for Thakral Corporation Ltd, three out of five of the premia implied by the Offer Price are higher than the partial offer for Thakral Corporation Ltd; and

(j) other considerations as set out in Section 8.7 of this IFA Letter.

After taking into account the above factors, we are of the opinion that, as of the date hereof, the Partial Offer is fair and reasonable.

Accordingly, we advise the Independent Directors to recommend Shareholders to (i) VOTE IN FAVOUR of the Partial Offer; and (ii) ACCEPT the Partial Offer.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Partial Offer, and the recommendation made by them to the Offer Shareholders shall remain the responsibility of the Independent Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Partial Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

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This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE LTD

LOO CHIN KEONG	PAULINE SIM POI LIN
EXECUTIVE DIRECTOR	HEAD OF CORPORATE FINANCE

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ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr. Maneesh Tripathi	c/o 152 Ubi Avenue 4 Level 4, Smart Innovation Centre Singapore 408826	Executive Director and Group Chief Executive Officer
Mr. Doraraj S	c/o 152 Ubi Avenue 4 Level 4, Smart Innovation Centre Singapore 408826	Lead Independent Director
Mr. Tushar s/o Pritamlal Doshi	c/o 152 Ubi Avenue 4 Level 4, Smart Innovation Centre Singapore 408826	Independent Director
Ms. Chada Anitha Reddy	c/o 152 Ubi Avenue 4 Level 4, Smart Innovation Centre Singapore 408826	Non-Independent Non-Executive Director

2. HISTORY AND PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 15 July 1993 and has been listed on the Mainboard of the SGX-ST since 1999. The Company subsequently changed its name to "S i2i Limited" in 2011 and to "Sevak Limited" with effect from 17 July 2018. The Company's registered office is 152 Ubi Avenue 4, Singapore 408826.

The core businesses of the Company are distribution of operator products and services, Information Communications and Technology (ICT) distribution and managed services, and mobile devices retail services. The Company has also since the later part of FY2016, through its subsidiary, ventured into the business of operating a fleet of battery electric vehicles for passenger land transport.

3. SHARE CAPITAL

3.1 Issued Shares

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is approximately S$578,249,000 comprising 11,851,225 Shares, and the Company holds 1,165,205 Shares in treasury.

As at the Latest Practicable Date, no new Shares have been issued since the end of FY2018, being the last financial year of the Company.

The Shares are ordinary shares carrying equal ranking rights to dividends, voting at general meeting and return of capital. The Company does not have any other class of share capital as at the Latest Practicable Date. There is no restriction in the Constitution on the right to transfer any Shares, which have the effect of requiring the holders of Offer Shares, before transferring them, to offer them to members of the Company or to any other person.

3.2 Convertible Securities

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities which carry voting rights affecting Shares.

3.3 Rights in Respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. For ease of reference, selected extracts of the Constitution in respect of capital, dividends and voting rights have been extracted and reproduced in **Appendix 3** to this Circular. Capitalised terms and expressions not defined in the extract shall have the meanings ascribed to them in the Constitution.

4. DISCLOSURE OF INTEREST

4.1 Interests and Dealings of the Company in the Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries:

(a) has any direct or deemed interest in the Offeror Securities; and

(b) has dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

4.2 Interests and Dealings of Directors in the Offeror Securities

As at the Latest Practicable Date, none of the Directors:

(a) has any direct or deemed interests in the Offeror Securities; and

(b) has dealt for value in the Offeror Securities during the period commencing three (3) months prior to Offer Announcement Date, and ending on the Latest Practicable Date.

4.3 Interests and Dealings of the Directors in the Company Securities

As at the Latest Practicable Date, none of the Directors:

(a) save as disclosed below, has any direct or deemed interest in the Company Securities; and

(b) has dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	Percentage of Total no. of Shares (%)	No. of Shares	Percentage of Total no. of Shares (%)
Ms. Chada Anitha Reddy	487	*	–	–

* Less than 0.01%

4.4 Interests and Dealings in the Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA or any funds whose investments are managed by the IFA on a discretionary basis:

(a) own or control any Company Securities; and

(b) have dealt for value in any Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5. OTHER DISCLOSURES

5.1 Directors' Service Contracts

There are no service contracts between any of the Directors or proposed directors with the Company or any of its subsidiaries which have more than twelve (12) months to run and which are not terminable by the employing company within the next twelve (12) months without paying any compensation. In addition, there are no such contracts entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.2 Arrangements Affecting Directors

(a) It is not proposed that any payment or other benefit shall be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Partial Offer.

(b) There are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Partial Offer.

5.3 Material Contracts with Directors

There are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

6. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries has entered into material contracts with persons who are Interested Persons (other than those entered into in the ordinary course of business) during the period beginning three (3) years before the Offer Announcement Date.

For completeness, the interested person transactions entered into by the Group in the ordinary course of business during the period beginning three (3) years before the Offer Announcement Date are disclosed in the announcements made by the Company on the website of the SGX-ST and/or the annual reports of the Company for FY2016, FY2017 and FY2018.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor its subsidiaries are engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Group, taken as a whole. As at the Latest Practicable Date, the Directors are not aware of any litigation, claims or proceedings pending or threatened against, or made by, the Company or any of its subsidiaries or any facts likely to give rise to any such litigation, claims or proceedings, which might materially and adversely affect the financial position of the Group, taken as a whole.

8. FINANCIAL INFORMATION

8.1 Introduction

As at the Latest Practicable Date, the latest published audited accounts of the Group are that for FY2018. The Audited FY2018 Results are reproduced in **Appendix 4** to this Circular.

8.2 Consolidated Income Statement

Certain financial information extracted from the annual reports of the Company for the past three (3) financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 is set out below. The summary set out below should be read together with the audited consolidated financial statements for the Group for the relevant financial periods and the accompanying notes thereto, contained in the annual reports of the Company for the relevant financial periods. Copies of these are available for inspection at the registered office of the Company. Please refer to **paragraph 10 of Appendix 2** to this Circular for further information.

	←	Audited	→
	FY2018 S$'000	**FY2017 S$'000**	**FY2016 S$'000**
Turnover	281,079	349,153	325,490
Exceptional Items	–	–	–
Profit before taxation	4,692	1,924	1,637
Net profit after tax	3,749	784	473
Non-controlling interest	–	12	11
Earnings per Share from continuing and discontinued operations			
– Basic and diluted (cents per Share)	30.66	5.79	3.37
Net dividends per Share (cents)	–	–	–

8.3 Consolidated Statements of Financial Position

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2018 and as at 31 December 2017 is set out below. The following summary should be read in conjunction with the Audited FY2018 Results and the accompanying notes thereto, which are reproduced in **Appendix 4** to this Circular.

	← Audited	→
	Group 31 Dec 2018 S$'000	**Group 31 Dec 2017 S$'000**
ASSETS		
Current assets	54,521	62,948
Non-current assets	13,336	13,522
Total assets	67,857	76,470
LIABILITIES		
Current liabilities	23,015	30,222
Non-current liabilities	3,121	1,133
Total liabilities	26,136	31,355
NET ASSETS	41,721	45,115
EQUITY		
Share capital	578,249	580,518
Treasury shares	(3,535)	(3,779)
Accumulated losses	(520,824)	(524,758)
Other reserves	(4,172)	(4,108)
Translation reserve	(7,905)	(2,656)
Non-controlling interest	(92)	(102)
Total equity	41,721	45,115

8.4 Material Changes in Financial Position

As at the Latest Practicable Date, save as disclosed in this Circular and any other information on the Group which is publicly available (including without limitation the announcements released by the Company on the website of the SGX-ST), there has been no known material change in the financial position of the Group since 31 December 2018, being the date of the Group's last published audited financial statements.

8.5 Significant Accounting Policies

The summary of significant accounting policies of the Company is disclosed in Note 2 of the Audited FY2018 Financial Results, which is reproduced in **Appendix 4** to this Circular. Save as disclosed in Note 2 of the Audited FY2018 Financial Results, there are no significant accounting policies or any matter from such notes, which are of any major relevance for the interpretation of the accounts of the Group referred to in this Circular.

8.6 Changes in Accounting Policies

Save as disclosed in Note 2 of the Audited FY2018 Financial Results, as at the Latest Practicable Date, there is no change in the accounting policies of the Company which will cause the figures disclosed in this Circular not to be comparable to a material extent.

9. GENERAL

9.1 All expenses and costs incurred by the Company in relation to the Partial Offer will be borne by the Company.

9.2 The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name in this Circular, its advice to the Independent Directors set out in **Section 14.4** of this Circular, the IFA Letter set out in **Appendix 1** to this Circular and all references thereto, in the form and context in which they appear in this Circular.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours for the period during which the Partial Offer remains open for acceptance:

(a) the Constitution;

(b) the annual reports for FY2016, FY2017, and FY2018;

(c) the IFA Letter as set out in **Appendix 1** to this Circular; and

(d) the letter of consent of the IFA referred to in **paragraph 9.2 of Appendix 2** to this Circular, as set out above.

EXTRACTS FROM THE CONSTITUTION

The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are extracted from the Constitution and reproduced as follows:

1. RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

SHARES

Company's shares as security

7. *Save to the extent permitted by the Act, none of the funds or assets of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares (or its holding company, if any) and the Company shall not, except as authorised by the Act give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or its holding company, if any).*

Issue of New Shares

8. (1) *Subject to the Act and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 52, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:–*

   (i) *no shares shall be issued which results in a transfer of a controlling interest in the Company without the prior approval of the Members in a General Meeting;*

   (ii) *the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same; and*

   (iii) *subject to any direction to the contrary which may be given by the Company in General Meeting, any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Article 52(1) with such adaptations as are necessary shall apply.*

   (2) *Notwithstanding Article 52, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*

   (a) (i) *issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or*

(ii) *make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including without limitation, the creation and issue of (as well as adjustments to) warrants, debentures or other Instruments convertible into shares; and*

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

provided that:

(aa) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;

(bb) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these Articles; and

(cc) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

Rights attached to certain shares

9. (1) Preference shares may be issued subject to such limitation thereof as may be prescribed by any stock exchange upon which shares in the Company may be listed. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares. is more than six months in arrears.

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

(3) The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold and/or deal with its treasury shares in any manner authorised or prescribed by the Act.

Variation of rights 10. (1) *If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting.*

Rights of Preference Shareholders (2) *The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights, may only be made pursuant to a special resolution of the preference shareholders concerned. PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the Meeting, shall be as valid and effectual as a special resolution carried at the Meeting.*

Creation or issue of further shares with special rights 11. *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.*

Power to pay commission and brokerage 12. *The Company may pay such commissions or brokerage as may be lawful on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other.*

Power to charge interest on capital 13. *If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.*

No trust recognised 14. *Except as required by law, no person other than the Depository shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the* *person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained herein in this Article relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Act or any note made by the Company of any particulars in such notification or response shall derogate or limit or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.*

Joint holders

15. (1) The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.

(2) If two or more persons are registered as joint holders of any share any one of such person may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.

(3) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Fractional part of a share

16. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.

Payment of instalments

17. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Share certificates

18. The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or by one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates and the amounts paid and the amount unpaid (if any) thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.

Entitlement to certificate

19. (1) *Shares must be allotted and certificates despatched within 10 Market Days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within 15 Market Days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S$2 (or such other sum as may be approved by the Exchange from time to time). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) for each such new certificate as the Directors may determine. Where the member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.*

Retention of certificate

(2) *The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Article 40, 44, 48 and 49, mutatis mutandis.*

New certificates may be issued

20. (1) *Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S$1 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

New certificate in place of one not surrendered

(2) *When any shares under the powers in these Articles herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.*

TRANSFER OF SHARES

Form of transfer of shares

21. Subject to these Articles, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must be in writing and in the form for the time being approved by the Directors and the Exchange. Shares of different classes shall not be comprised in the same instrument of transfer. The Company shall accept for registration transfers in the form approved by the Exchange.

Execution

22. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

Person under disability

23. No share shall in any circumstances be transferred to any infant, bankrupt, or person of unsound mind.

Directors' power to decline to register

24. (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules, bye-laws or listing rules of the Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act.

Terms of registration of transfers

(2) The directors may decline to register any instrument of transfer unless:–

(i) such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require, is paid to the Company in respect thereof;

(ii) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iii) the instrument of transfer is in respect of only one class of shares.

Retention of transfers

25. (1) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

(2) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall be conclusively presumed in the favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. PROVIDED that:–

(i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and

(iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

Closing of Register

26. The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.

Renunciation of allotment

27. (1) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Indemnity against wrongful transfer

(2) Neither the Company nor its Directors nor any of its Officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other Officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

TRANSMISSION OF SHARES

Transmission on death

28. (1) In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.

(2) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

Persons becoming entitled on death or bankruptcy of Member may be registered

29. (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

Rights of unregistered executors and trustees

(2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within 60 days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of unregistered executors and trustees

30. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Depositor in respect of the share.

Fee for registration of probate, etc.

31. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.

CALL ON SHARES

Calls on shares

32. The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his-shares. A call may be revoked or postponed as the Directors may determine.

Time when made

33. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Interest on calls

34. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

Sum due to allotment

35. Any sum which by the terms of issue and allotment of a share becomes payable upon allotment or at any fixed date shall for all purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Power to differentiate

36. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.

Payment in advance of calls

37. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in General Meeting ten per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

FORFEITURE AND LIEN

Notice requiring payment of calls

38. *If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.*

Notice to state time and place

39. *The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.*

Forfeiture on non-compliance with notice

40. *If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.*

Notice of forfeiture to be given and entered

41. *When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.*

Directors may allow forfeited share to be redeemed

42. *Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.*

Sale of shares forfeited

43. *A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.*

Rights and liabilities of Members whose shares have been forfeited or surrendered

44. *A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at ten per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.*

Company's lien

45. *The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member.*

Member not entitled to privileges until all calls paid

46. *No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether along or jointly with any other person, together with interest and expenses (if any).*

Sale of shares subject to lien

47. *The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.*

Application of proceeds of such sale

48. *The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien, after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, administrators or assigns or as he may direct.*

Title to shares forfeited or surrendered or sold to satisfy a lien

49. *A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under Seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.*

ALTERATION OF CAPITAL

Rights and privileges of new shares

51. Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Issue of new shares to Members

52. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to the Members in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

(2) Notwithstanding Article 52(1) above but subject to the Act, the Directors shall not be required to offer any new shares to members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

New shares otherwise subject to provision of Articles

53. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Power to consolidate, cancel and subdivide shares

54. (1) The Company may be Ordinary Resolution:–

(i) consolidate and/or divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iii) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

Power to purchase or acquire its issued shares

(2) Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire ordinary shares, stocks, preference shares, options, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and In the manner prescribed by the Act. Any shares purchased by the Company shall, unless held by the Company as treasury shares in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold and/or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

Power to reduce capital

55. The Company may by Special Resolution reduce its share capital or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon the cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles or the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

STOCK

Power to convert into stock

56. The Company may by Ordinary Resolution convert any or all its paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares of any denomination.

Transfer of stock

57. The holders of stock may transfer the same or any part thereof in the same manner and subject to these Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.

Rights of stockholders

58. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

Interpretation

59. All provisions of these Articles applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expression herein shall include "stock" or "stockholder".

2. RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

Annual General Meeting

60. (1) Subject to the provisions of the Act, the Company shall in each year hold a General Meeting in addition to any other meetings in that year to be called the Annual General Meeting, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Directors shall appoint.

Extraordinary General Meetings

(2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Calling of Extraordinary General Meetings

61. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETINGS

Notice of meetings

62. (1) Every General Meeting shall be called by not less than such notice periods as may be prescribed by the Act or the listing rules of the Exchange, subject to the provisions of the Act and the listing rules of the Exchange relating to the calling of General Meetings at short notice. Every notice calling a General Meeting shall specify the place and the day and the hour of the meeting and be given in a manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions of these Articles and the Act entitled to receive such notices of General Meetings from the Company. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Notice of all General Meetings shall be given by advertisement in the daily press and in writing to the Exchange and to such other stock exchanges on which the Company is listed.

(2) The accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.

Contents of notice

63. (1) Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member of the Company.

Notice of Annual General Meeting

(2) In the case of an Annual General Meeting, the notice shall also specify the Meeting as such.

Nature of special business to be specified

(3) In the case of any General Meeting at which business other than routine business is to be transacted (special business), the notice shall specify the general nature of the special business, and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

Special business 64. *All business shall be deemed special that is transacted at any Extraordinary General Meeting, and all that is transacted at an Annual General Meeting shall also be deemed special, with the exception of sanctioning a dividend, the consideration of the accounts and balance sheet and the reports of the Directors and Auditors, and any other documents required to be annexed to the balance sheet, electing Directors in place of those retiring by rotation or otherwise and the fixing of the Directors' remuneration and the appointment and fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.*

PROCEEDINGS AT GENERAL MEETINGS

Quorum 65. *No business shall be transacted at any General Meeting unless a quorum is present at time the meeting proceeds to business. Save as herein otherwise provided, two Members present in person shall form a quorum. For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member but shall, as required by the Act, exclude the Company where it is a Member by reason of its holding of treasury shares. Provided that (i) a proxy representing more than one Member shall only count as one Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.*

Adjournment if quorum not present 66. *If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned Meeting a quorum is not present within half an hour from the time appointed for holding the Meeting, the Meeting shall be dissolved.*

Resolutions in writing 67. *Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an Ordinary Resolution of the Company passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members.*

Chairman 68. *The Chairman of the Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every General Meeting. If there is no such Chairman or Deputy Chairman or if at any Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, some Member present to be Chairman.*

Adjournment 69. *The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a meeting is adjourned for fourteen days or more, notice of the adjourned Meeting shall be given as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.*

Method of voting 70. *At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:–*

(i) by the Chairman of the meeting; or

(ii) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(iii) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or

(iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total number of paid-up shares in the Company (excluding treasury shares) conferring a right to vote at the Meeting.

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

Taking a poll 71. *If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*

Votes counted in error 72. *If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.*

Chairman's casting vote 73. *Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.*

Time for taking a poll 74. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.*

Continuance of business after demand for a poll

75. *The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.*

VOTES OF MEMBERS

Voting rights of Members

76. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents Provided Always That notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any General Meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not earlier than 48 hours before that General Meeting (the "cut-off time") as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.*

Voting rights of joint holders

77. *Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.*

Voting rights of Members of unsound mind

78. *If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.*

Right to vote

79. Subject to the provisions of these Articles, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

Objections

80. No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.

Votes on a poll

81. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Appointment of proxies

82. (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting.

(2) If the Member is a Depositor, the Company shall be entitled:–

(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time as certified by the Depository to the Company; and

(ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(3) Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant general meeting by the member personally or by his attorney, or in the case of a corporation by its representative.

(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in the Register of Members, or in the case of a Depositor, standing to the credit of that Depositor's Securities Account, such proxy may not exercise any of the votes or rights of the shares not registered to the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.

Proxy need not be a Member

83. *A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any General Meeting.*

Instrument appointing a proxy

84. *Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use at the date relevant to the General Meeting in question.*

To be left at Company's office

85. *The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates. An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.*

Intervening death or insanity of principal not to revoke proxy

86. *A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.*

Corporations acting by representatives

87. *Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purpose of these Articles and subject to the Act, be deemed to be present in person at any such Meeting if a person so authorised is present thereat. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.*

3. RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS AND RESERVES

Payment of dividends

129. The Directors may, with the sanction of the Company, by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company.

Apportionment of dividends

130. Subject to the rights of holders of shares with special rights as to dividend (if any) and except as otherwise permitted under the Act, all dividends in respect of shares shall be declared and paid in proportion to the number of shares held by a member, but where shares are partly paid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid up shares. For the purposes of this Article only, no amount paid or credited as paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.

Payment of preference and interim dividends

131. Notwithstanding Article 130, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Dividends not to bear interest

133. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Deduction from dividend

134. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.

Retention of dividends on shares subject to lien

135. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares pending transmission

136. The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Unclaimed dividends

137. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever.

Payment of dividend in specie

138. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Dividends payable by cheque

139. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

Effect of transfer

140. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

RESERVES

Power to carry profit to reserve

141. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

BONUS ISSUE AND CAPITALISATION OF PROFITS AND RESERVES

Power to capitalise profits

142. (1) The Directors may, with the sanction of the Company by way of an Ordinary Resolution, including any Ordinary Resolution passed pursuant to Article 8:–

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 8) such other date as may be determined by the Directors,

in proportion to their then holding of shares; and

(b) capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided;) or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 8) such other date as may be determined by the Directors, in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

(2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under Article 142(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby factional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter, on behalf of all the Members interested, into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(3) In addition and without prejudice to the powers provided for by Articles 142(1) and 142(2), the Directors shall have the power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full unissued shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.

AUDITED FY2018 RESULTS

The information set out in this **Appendix 4** is a reproduction of selected financial information extracted from the annual report of the Company for FY2018, and was not specifically prepared for inclusion in this Circular.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 S$'000	Group 2017 S$'000
Turnover	4	281,079	349,153
Operating expenses			
Purchases and changes in inventories and direct service fees incurred	4(a)	(251,965)	(319,037)
Commissions and other selling expenses		(324)	(288)
Other income – operating	5	4,263	632
Personnel costs	6	(16,021)	(17,531)
Infrastructure costs		(2,596)	(2,732)
Marketing expenses		(1,271)	(1,435)
Other expenses – operating		(11,545)	(6,130)
Other income – non-operating	5	4,405	310
Other expenses – non-operating		–	(223)
Interest income from cash deposits	5	486	652
Finance costs – interest expense		(496)	(351)
Depreciation of property, plant and equipment	17	(1,240)	(898)
Amortisation of intangible assets	19	(5)	(7)
Profit before taxation from continuing operations		4,770	2,115
Loss before taxation from discontinued operations	9	(78)	(191)
Profit before taxation	7	4,692	1,924
Taxation			
From continuing operations	8	(943)	(1,140)
From discontinued operations	9	–	–
Total Taxation		(943)	(1,140)
Net profit after tax for the year			
From continuing operations		3,827	975
From discontinued operations	9	(78)	(191)
Total net profit after tax for the year		3,749	784
Profit attributable to:			
Owners of the parent		3,749	772
Non-controlling interest		–	12
Total		3,749	784
Earnings per share			
From continuing and discontinued operations			
– Basic and diluted (cents per share)	10	30.66	5.79
From continuing operations			
– Basic and diluted (cents per share)	10	31.29	7.23

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	**2017**
	S$'000	**S$'000**
Profit for the year	3,749	784
Other comprehensive (loss)/income, net of income tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(1,568)	(2,666)
Gain recognised in profit or loss upon disposal of foreign subsidiaries	(3,671)	–
Fair value gains recycled to profit or loss on de-recognition	–	(128)
	(5,239)	(2,794)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	200	119
Gain/(loss) on revaluation of property, plant and equipment	117	(32)
	317	87
Other comprehensive loss for the year, net of tax	(4,922)	(2,707)
Total comprehensive loss for the year	(1,173)	(1,923)
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(1,183)	(1,925)
Non-controlling interest	10	2
Total comprehensive loss for the year	(1,173)	(1,923)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 Dec 2018 S$'000	Group 31 Dec 2017 S$'000 (reported under SFRS(I))	Group 1 Jan 2017 S$'000 (reported under SFRS(I))	Company 31 Dec 2018 S$'000	Company 31 Dec 2017 S$'000 (reported under SFRS(I))	Company 1 Jan 2017 S$'000 (reported under SFRS(I))
Assets							
Current assets							
Inventories	11	10,360	19,736	13,800	–	–	–
Trade receivables	12	13,257	10,796	8,712	112	118	113
Other receivables and deposits	13	4,015	7,190	5,930	1,032	1,662	2,280
Prepayments	14	2,986	3,450	3,001	72	15	26
Due from subsidiaries	15	–	–	–	178	58	2,026
Loan receivable	23	–	–	–	–	–	–
Cash and cash equivalents	16	16,377	19,346	20,377	1,424	5,149	6,108
Fixed deposits	16(a)	6,923	2,235	11,148	3,400	–	9,872
Tax recoverable	13	603	195	686	–	–	–
		54,521	62,948	63,654	6,218	7,002	20,425
Non-current assets							
Property, plant and equipment	17	8,885	9,782	4,798	6,949	178	22
Investment properties	18	2,630	2,300	2,434	–	–	–
Intangible assets	19	16	21	3	13	16	3
Investment in subsidiaries	20	–	–	–	25,198	28,366	25,067
Investment in associate	21	–	–	–	–	–	–
Financial assets, at FVPL	22	201	–	–	–	–	–
Available-for-sale financial assets	22(a)	–	–	231	–	–	231
Long-term loans and advances to subsidiaries	24	–	–	–	917	8,247	1,042
Deferred tax assets	25	336	419	438	–	–	–
Trade receivables	12	5	6	81	–	–	–
Other receivables	13	273	113	171	–	–	–
Prepayments	14	95	176	201	–	–	–
Fixed deposits	16(a)	895	705	355	–	–	–
		13,336	13,522	8,712	33,077	36,807	26,365
Total assets		67,857	76,470	72,366	39,295	43,809	46,790

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 Dec 2018 S$'000	Group 31 Dec 2017 S$'000 (reported under SFRS(I))	Group 1 Jan 2017 S$'000 (reported under SFRS(I))	Company 31 Dec 2018 S$'000	Company 31 Dec 2017 S$'000 (reported under SFRS(I))	Company 1 Jan 2017 S$'000 (reported under SFRS(I))
Liabilities							
Current liabilities							
Trade creditors	26	10,563	13,173	6,984	112	109	157
Other creditors and accruals	27	6,309	6,356	7,108	1,335	1,275	1,624
Contract liabilities	4	2,776	2,633	2,806	–	–	–
Lease obligations	28	532	18	18	532	5	–
Loans and bank borrowings	29	2,304	7,344	2,527	–	2,972	–
Due to subsidiaries	15	–	–	–	8,336	6,771	6,957
Tax payable		531	698	787	–	–	–
		23,015	30,222	20,230	10,315	11,132	8,738
Non-current liabilities							
Lease obligations	28	2,197	15	–	2,197	15	–
Provision for employee benefits	35	700	959	995	–	–	–
Contract liabilities	4	17	99	140	–	–	–
Deferred tax liabilities	25	207	60	70	–	–	–
Long-term loans and advances from subsidiaries	15(a)	–	–	–	3,288	–	–
		3,121	1,133	1,205	5,485	15	–
Total liabilities		26,136	31,355	21,435	15,800	11,147	8,738
Equity Attributable to owners of the Company							
Share capital	30	578,249	580,518	580,518	578,249	580,518	580,518
Treasury shares	31	(3,535)	(3,779)	–	(3,535)	(3,779)	–
Accumulated losses	32	(520,824)	(524,758)	(525,891)	(541,354)	(534,342)	(533,809)
Other reserves	33	(4,172)	(4,108)	(3,592)	(9,100)	(8,919)	(8,657)
Translation reserve	34	(7,905)	(2,656)	–	(765)	(816)	–
		41,813	45,217	51,035	23,495	32,662	38,052
Non-controlling interest		(92)	(102)	(104)	–	–	–
Total equity		41,721	45,115	50,931	23,495	32,662	38,052
Total liabilities and equity		67,857	76,470	72,366	39,295	43,809	46,790

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	← Attributable to owners of the Company					→		
	Share Capital S$'000	Treasury shares S$'000	Accumulated losses S$'000	Other reserves S$'000	Translation reserve S$'000	Total S$'000	Non-controlling interest S$'000	Total S$'000
Group								
2018								
Opening balance at 1 January	580,518	(3,779)	(524,758)	(4,108)	(2,656)	45,217	(102)	45,115
Adjustment on initial application of SFRS(I) 9	–	–	(15)	–	–	(15)	–	(15)
Adjusted opening balance at 1 January	580,518	(3,779)	(524,773)	(4,108)	(2,656)	45,202	(102)	45,100
Profit for the year	–	–	3,749	–	–	3,749	–	3,749
Other comprehensive income/(loss), net of tax	–	–	200	117	(5,249)	(4,932)	10	(4,922)
Total comprehensive income/(loss) for the year	–	–	3,949	117	(5,249)	(1,183)	10	(1,173)
Purchase of treasury shares	–	(2,025)	–	(181)	–	(2,206)	–	(2,206)
Cancellation of Treasury Shares	(2,269)	2,269	–	–	–	–	–	–
Transactions with owners	(2,269)	244	–	(181)	–	(2,206)	–	(2,206)
Closing balance at 31 December	578,249	(3,535)	(520,824)	(4,172)	(7,905)	41,813	(92)	41,721
2017								
Opening balance at 1 January	580,518	–	(525,891)	(3,592)	–	51,035	(104)	50,931
Profit for the year	–	–	772	–	–	772	12	784
Other comprehensive income/(loss), net of tax	–	–	119	(160)	(2,656)	(2,697)	(10)	(2,707)
Total comprehensive income/(loss) for the year	–	–	891	(160)	(2,656)	(1,925)	2	(1,923)
Purchase of treasury shares	–	(3,779)	–	(134)	–	(3,913)	–	(3,913)
Unclaimed dividend distribution	–	–	10	–	–	10	–	10
Transferred to accumulated losses	–	–	232	(222)	–	10	–	10
Transactions with owners	–	(3,779)	242	(356)	–	(3,893)	–	(3,893)
Closing balance at 31 December	580,518	(3,779)	(524,758)	(4,108)	(2,656)	45,217	(102)	45,115

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit before taxation	4,692	1,924
Adjustments for:		
Depreciation and amortisation	1,250	913
Impairment loss on non-trade debts	38	88
(Reversal of)/impairment loss on trade debts, net	(74)	203
Write off/(reversal of) inventory obsolescence, net	5,459	(1,297)
Interest income from cash deposits	(486)	(652)
Gain on revaluation of investment properties	(183)	(94)
Impairment loss on property, plant and equipment	–	64
Gain on disposal of property, plant and equipment	(14)	(26)
Gain on disposal of available-for-sale financial assets	–	(62)
Fair value gains recycled to profit or loss on de-recognition	–	(128)
Gain on disposal of subsidiaries	(4,184)	–
Finance costs	503	368
Unrealised foreign exchange differences	(1,390)	(2,369)
Others	(262)	(18)
Operating cash flows before working capital changes	5,349	(1,086)
Decrease/(increase) in inventories	3,610	(4,495)
Increase in trade receivables	(2,597)	(2,202)
Decrease/(increase) in other receivables and deposits	2,977	(1,427)
Decrease/(increase) in prepayments	505	(423)
(Decrease)/increase in trade creditors	(2,357)	6,189
Increase/(decrease) in other creditors and accruals	454	(642)
Increase/(decrease) in contract liabilities	238	(214)
Cash flows generated from/(used in) operating activities	8,179	(4,300)
Interest paid	(503)	(368)
Income tax paid	(1,250)	(669)
Net cash flows generated from/(used in) operating activities	6,426	(5,337)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	S$'000	S$'000
Cash flows from Investing Activities		
Interest income received from cash deposits	583	851
Proceeds from disposal of property, plant and equipment	32	446
Purchase of intangible assets	–	(24)
Purchase of property, plant and equipment	(387)	(6,427)
Proceeds from disposal of available-for-sale financial assets	–	250
Outflow (net) consequent to disposal of investment in subsidiaries	(118)	–
Net cash flows generated from/(used in) investing activities	110	(4,904)
Cash Flows from Financing Activities		
Purchase of treasury shares, including incidental costs	(2,205)	(3,913)
Withdrawal/(placement) of cash and bank deposits pledged	2,362	(3,558)
(Repayment)/proceeds of loans and bank borrowings	(2,053)	5,131
Unclaimed dividend distribution	–	11
Repayment of obligations under finance leases	(103)	(30)
Net cash flows used in financing activities	(1,999)	(2,359)
Net increase/(decrease) in cash and cash equivalents	4,537	(12,600)
Cash and cash equivalents at the beginning of the year	14,190	27,342
Effect of exchange rate changes on the balances of cash held in foreign currencies	(265)	(552)
Cash and cash equivalents at the end of the year (Note 16)	18,462	14,190

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1 General

Sevak Limited (formerly known as S i2i Limited) (the "Company") is a limited liability company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 152 Ubi Avenue 4, level 4, Smart Innovation Centre, Singapore 408826.

The principal activities of the Company are rendering of telecommunication services, distribution of telecommunication handsets, and passenger land transport. The principal activities of the subsidiaries are disclosed in Note 20 to the financial statements.

The financial statements for the financial year ended 31 December 2018 were approved and authorised for issue by the board of directors in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Adoption of SFRS(I)

As required by the listing requirements of the SGX-ST, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group has prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with the previous Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of Preparation (Continued)

Optional exemptions applied on adoption of SFRS(I)

For first-time adopters, SFRS(I) 1 allows the exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

(a) SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

(b) SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

Under the previous SFRS, goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(e) to the financial statements.

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

(c) Cumulative translation differences for all foreign operations are reset to zero as at the date of transition to SFRS(I) on 1 January 2017.

(d) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(e) The Group has elected to apply the requirements in the SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 January 2017. Borrowing costs that were accounted for previously under SFRS prior to the date of transition are not restated.

(f) The Group has elected to apply the exemption to adopt SFRS(I) 2 *Share-based Payment* for equity instruments granted after 7 November 2002 that vested before the date of transition on 1 January 2017. Retrospective application of SFRS(I) 2 is encouraged but not required.

(g) The Group has elected the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the information presented for 2017 is presented, as previously reported, under SFRS *39 Financial Instruments: Recognition and Measurement*. Arising from this election, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures to the extent that the disclosures* as required by SFRS(I) 7 to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(a) **Basis of Preparation** (Continued)

Optional exemptions applied on adoption of SFRS(I) (Continued)

(h) The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients as allowed under SFRS(I) 1 as follows:

(i) The Group has not restated those completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017;

(ii) for completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;

(iii) for contracts which were modified before 1 January 2017, the Group did not retrospectively restate the contract for those contract modifications; and

(iv) for the year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows are provided in Note 44.

(b) **Basis of Consolidation**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when all three elements of control are present: (a) power over the entity; (b) exposure or rights to variable returns from its involvement with the entity; and (c) ability to use its power to affect the amount of its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(b) **Basis of Consolidation** (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFRS(I) 9 either in income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(b) Basis of Consolidation (Continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the subsidiaries financial statements to ensure consistency of accounting policies with that of the Group.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statement.

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

(c) Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(d) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. Equity in an associate is accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's net investment in its associate. The Group determines at each financial year end whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(e) Foreign Currencies

Functional and presentation currency

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

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

Transactions and balances

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

At the financial year end, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year end are recognised in the income statement, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. These currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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

Translation of Group entities' financial statements

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

– Assets and liabilities are translated at the closing exchange rate at the financial year end;

– 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 transactions); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(e) **Foreign Currencies** (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Group are reclassified to the income statement.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement.

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 at the financial year end.

(f) **Property, Plant and Equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2(n) to the financial statements. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Buildings

Buildings are initially recorded at cost and are subsequently carried at revalued amounts. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Revaluation will be based on valuation by professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. 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 asset. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in the income statement. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(f) Property, Plant and Equipment (Continued)

Work in Progress

Work in progress comprises of battery electric vehicles and other miscellaneous tools and parts that are not capable of being used during the current financial year. These assets are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

The residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

Furniture, fixtures and fittings	3 – 10 years
Computer equipment	2 – 5 years
Office equipment	3 – 8 years
Motor vehicles	3 – 10 years
Leasehold improvements	3 – 20 years
Buildings	20 years

Computer equipment includes office computers, telecommunication equipment and network equipment. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Any amount in revaluation reserve is transferred to accumulated losses directly. No transfer is made from the revaluation reserve to accumulated losses except when an asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(g) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis. Gains and losses arising from changes in the fair value of investment properties are included in the income statement in the period in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the income statement. The cost of maintenance, repairs and minor improvements is recognised in the income statement when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in the income statement.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

(h) Intangible Assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(h) Intangible Assets (Continued)

(i) Goodwill (Continued)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss through the 'amortisation of intangible assets' line item.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. 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 de-recognition 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(h) **Intangible Assets** (Continued)

(ii) Other intangible assets (Continued)

(a) Patents, trademarks and licences

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to profit or loss over the license period from 3 to 10 years. The costs of applying for and renewing patents and licences are charged to profit or loss.

The carrying amounts of patents, trademarks and licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(b) Customer contracts, order backlog, customer relationship and marketing rights

Customer contracts, order backlog, customer relationship and marketing rights acquired through business combinations are measured at fair value as at the date of acquisitions. Subsequently, customer contracts, order backlog, customer relationship and marketing rights are amortised on a straight-line basis over their estimated useful lives of 1 to 15 years.

The carrying amounts of customer contracts, order backlog, customer relationship and marketing rights are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(c) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of 3 years from the completion of the related project on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(i) Financial Assets

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

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Financial assets, at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) **Financial Assets** (Continued)

The accounting for financial assets before 1 January 2018 is as follows: (Continued)

(iii) Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) **Financial Assets** (Continued)

The accounting for financial assets from 1 January 2018 is as follows:

Classification and measurement

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives, if any, are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) **Financial Assets** (Continued)

The accounting for financial assets from 1 January 2018 is as follows: (Continued)

Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income/other expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income", if any.

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income/other expenses", if any.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income/other expenses", except for those equity securities which are not held for trading which is presented in other comprehensive income. Movements in fair values of investments classified as FVOCI are presented as "gains/losses on fair value changes" in OCI, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(i) Financial Assets (Continued)

The accounting for financial assets from 1 January 2018 is as follows: (Continued)

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.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings, if any.

(j) Impairment of Financial Assets

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

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Financial assets carried at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(j) **Impairment of Financial Assets** (Continued)

The accounting for financial assets before 1 January 2018 is as follows: (Continued)

(i) Financial assets carried at amortised cost (Continued)

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

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

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

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

(ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the 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. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(j) **Impairment of Financial Assets** (Continued)

The accounting for financial assets before 1 January 2018 is as follows: (Continued)

(iii) Available-for-sale financial assets (Continued)

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

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

The Group has fully disposed its available-for-sale financial assets as at 31 December 2017.

The accounting for financial assets from 1 January 2018 is as follows:

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated costs necessary to make the sale.

(l) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(m) Provisions

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

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

(n) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

The Group recognises other borrowing costs as an expense in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(o) Financial Liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

De-recognition

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

(p) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Finance leases – as lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(p) Leases (Continued)

(ii) Finance leases – as lessor

Finance leases which transfer substantially all the risks and rewards incidental to legal ownership of the leased items, are recognised as a receivable at an amount equal to the net investment in the lease. Thus, the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(iii) Operating leases – as lessee

Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(iv) Operating lease – as lessor

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

(q) Impairment of Non-financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(q) Impairment of Non-financial Assets (Continued)

The Group based its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, the Group has used cash flow projections based on detailed budgets and forecast calculations that is deemed reliable and accurate.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss is treated as a revaluation increase.

(r) Revenue Recognition

Revenue of the Group comprises fees earned from telecommunication and internet service provider ("ISP") services rendered, sale of software licences, distribution of telecom operator products and services, distribution of telecommunication handsets, related products and services, and the supply, rental, maintenance and servicing of computer hardware and peripheral equipment and systems integration service relating to computer equipment and peripherals, storage systems and networking products and the business of battery electric vehicles and passenger land transport. These revenues are categorised into operating segments (Note 38) as detailed in Note 2(u) to the financial statements.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The specific recognition criteria must also be met before revenue is recognised for goods and services sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(r) Revenue Recognition (Continued)

Goods and Services Sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

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

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

The Group considers certain services to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material. Revenue from the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Financing Component

The Group does not have any significant financing component in its contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(s) Employee Benefits

(i) Defined contribution plans

The Group has complied with the mandatory contribution schemes including national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the financial year end.

(iii) Employee share incentive plan

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share options and performance shares as consideration for services rendered ('equity-settled transactions').

The cost of equity-settled share-based transactions with employees for award granted after 7 November 2002 is measured by reference to the fair value at the date on which the share options and performance shares are granted which takes into account market conditions and non-vesting conditions. The Group has plans that are time-based and performance-based. In valuing the performance-based plans, no account is taken of any performance conditions.

The cost of equity-settled share-based transactions is recognised in the income statement, together with a corresponding increase in the employee share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and the end of that period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(s) **Employee Benefits** (Continued)

(iii) Employee share incentive plan (Continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share-based payment reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share-based payment reserve is transferred to share capital if new shares are issued.

No options were granted during the financial year ended 31 December 2018 or outstanding as at the date of this report.

(iv) Defined benefit plan

The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the respective jurisdiction, in accordance to the local legal regulations.

The said additional provisions are estimated using actuarial calculations based on the report prepared by independent actuary firms. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the income statement. Past service cost is recognised in the income statement in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

(a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

(b) Net interest expense or income; and

(c) Remeasurement.

The Group presents the first two components of defined benefit costs in the income statement in the line item 'personnel costs'. Curtailment gains and losses are accounted for as past service costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(t) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(t) **Taxes** (Continued)

Deferred tax (Continued)

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition when a business combination is initially accounted for but is subsequently realised, the acquirer shall recognise the resulting deferred tax income in profit or loss or a reduction to goodwill (as long as it does not exceed goodwill) if incurred during the measurement period.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(u) **Segment Reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

1. the nature of the products;

2. the type or class of customer for their products and services; and

3. methods used to distribute their products to the customers or provide their services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(u) Segment Reporting (Continued)

(i) Operating Segments

The main operating segments of the Group are:

a. Distribution of operator products and services, comprising:

(i) Distribution of mobile prepaid cards

b. Information and Communication Technologies ("ICT") distribution and managed services, comprising:

(i) Supply, rental, maintenance and servicing of computer hardware and peripheral equipment; and;

(ii) Systems integration service related to computer equipment and peripherals, storage systems and networking products. Customised solutions and software products;

(iii) Networking and routing solutions for large enterprise networks with related switches, monitors, solutions and hardware. Facilities management services;

(iv) Cloud computing and innovative data, security, backup, disaster recovery solutions with related Infrastructure services;

(v) Internet Service Provider ("ISP") service that offers an extensive portfolio of data services includes broadband, lease line access, private network, network security, hosted services and Information Technology ("IT") solutions to corporate users and consumers;

c. Mobile devices distribution and retail, comprising:

(i) Sales of mobile handsets, related products and services.

d. Battery electric vehicles, comprising:

(i) Business of battery electric vehicles and passenger land transport.

(ii) Geographical Information

The Group has organised geographical segments according to the region in which the reporting Company is incorporated in. Assets and capital expenditure are based on the location of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(v) Share Capital and Share Issue Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are shown separately under other reserves.

(w) Contingencies

A contingent liability is:

(i) 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

(ii) a present obligation that arises from past events but is not recognised because:

(a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset 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.

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

(x) Related Parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

i. has control or joint control over the Company;

ii. has significant influence over the Company; or

iii. is a member of the key management personnel of the Group or the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(x) Related Parties (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

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

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

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

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

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

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

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

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

(y) Financial Guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(z) Treasury Shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount comprising of the consideration paid and any directly attributable incremental cost is presented as two components within equity attributable to the Company's equity holders as treasury shares and other reserves respectively, until they are cancelled, sold or re-issued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of the earnings of the Company.

When treasury shares are subsequently sold or re-issued, the cost of treasury shares is reversed from the treasury shares and other reserves accounts respectively and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(aa) Discontinued Operations

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

i. Represents a separate major line of business or geographical area of operations; or

ii. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

iii. is a subsidiary acquired exclusively with a view to resale.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Significant Accounting Estimates and Judgements

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

(a) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 20 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2018 are approximately S$8,885,000 and S$6,949,000 (2017: S$9,782,000 and S$178,000; 1 January 2017: S$4,798,000 and S$22,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If depreciation on property, plant and equipment increases/decreases by 10% from management's estimate, the Group's profit before taxation will decrease/increase by approximately S$125,000 (2017: S$91,000).

(ii) Impairment of loans and receivables

As at 31 December 2018, the Group's trade receivables amounted to S$13,262,000 (2017: S$10,802,000; 1 January 2017: S$8,793,000), net of allowance for impairment, arising from the Group's different revenue segments as disclosed in Note 2(u).

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. An allowance for impairment of S$3,395,000 (2017: S$3,535,000; 1 January 2017: S$3,538,000) for trade receivables was recognised as at 31 December 2018.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no major customer in financial difficulties during the financial year.

The Group's and the Company's credit risk exposure for trade receivables by different revenue segment are set out in Note 40(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Significant Accounting Estimates and Judgements (Continued)

(a) Key Sources of Estimation Uncertainty (Continued)

(iii) Impairment of investment in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 in determining the recoverability of its investment in subsidiaries. The recoverable amount of investment in subsidiaries has been determined based on management's assessment of the fair value of the subsidiaries' assets and liabilities as at the financial year end. The measurement was categorised as a Level 2 fair value, as defined in Note 41 to the financial statements. The significant assumptions used refer to the fair value of the subsidiaries' investment properties and property, plant and equipment (Notes 18 and 17).

(iv) Fair value of financial instruments

Where the fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates, changes on assumptions about these factors could affect the reported fair values of financial instruments. The valuation of financial instruments is disclosed and further explained in Note 41 to the financial statements.

(v) Defined benefits plan

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. The carrying amount of the Group's employee benefits liabilities as at 31 December 2018 is S$957,000 (2017: S$1,198,000; 1 January 2017: S$1,067,000). Further details are given in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Significant Accounting Estimates and Judgements (Continued)

(b) Critical Judgements made in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements:

(i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(ii) Allowance for inventories obsolescence

Reviews are made periodically by management on inventories for inventory obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving experiences. Allowances for inventories are written back upon subsequent sale of the inventories.

During the financial year, the Group recognised an allowance of S$73,000 (2017: S$61,000) and wrote off inventories of S$5,990,000 (2017: S$13,000). The carrying amount of the Group's inventories as at 31 December 2018 was S$10,360,000 (2017: S$19,736,000; 1 January 2017: S$13,800,000). The write off of inventories is disclosed and further explained in Note 11 to the financial statements.

(iii) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax payable, tax recoverable, deferred tax assets and deferred tax liabilities as at 31 December 2018 were S$531,000 (2017: S$698,000; 1 January 2017: S$787,000), S$603,000 (2017: S$195,000; 1 January 2017: S$686,000), S$336,000 (2017: S$419,000; 1 January 2017: S$438,000) and S$207,000 (2017: S$60,000; 1 January 2017: S$70,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 **Significant Accounting Estimates and Judgements** (Continued)

(b) **Critical Judgements made in Applying Accounting Policies** (Continued)

(iv) Control over PT Technomas Internusa as a subsidiary

Note 20 to the financial statements describes that PT Technomas Internusa ("TIN") is a subsidiary of the Group although the Group does not own any equity interest in TIN. Based on the contractual arrangements between the Group and the shareholders of TIN, the Group has the power to direct the relevant activities of TIN based on the extent of managerial involvement and voting rights. Therefore, the directors concluded that it has the practical ability to direct the relevant activities of TIN unilaterally and have exposure to variable returns and hence the Group has control over TIN.

4 **Turnover and Contract Liabilities**

Turnover comprises the following:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Distribution of operator products and services	225,653	289,145
ICT distribution and managed services	41,345	46,062
Mobile devices distribution and retail	12,492	13,062
Battery electric vehicles/others	1,589	884
	281,079	349,153
Turnover from the sale of goods	274,059	343,166
Turnover from the rendering of services	7,020	5,987
	281,079	349,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 Turnover and Contract Liabilities (Continued)

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time S$'000	Over time S$'000	Total S$'000
2018			
Distribution of operator products and services			
– Indonesia	225,653	–	225,653
	225,653	–	225,653
ICT distribution and managed services			
– Singapore	18,837	4,278	23,115
– India	9,921	8,309	18,230
	28,758	12,587	41,345
Mobile devices distribution and retail			
– Indonesia	12,492	–	12,492
	12,492	–	12,492
Battery electric vehicles/others			
– Singapore	1,589	–	1,589
Total	268,492	12,587	281,079
2017			
Distribution of operator products and services			
– Indonesia	289,144	–	289,144
	289,144	–	289,144
ICT distribution and managed services			
– Singapore	22,554	5,065	27,619
– India	12,029	6,414	18,443
	34,583	11,479	46,062
Mobile devices distribution and retail			
– Indonesia	13,062	–	13,062
	13,062	–	13,062
Battery electric vehicles/others			
– Singapore	885	–	885
Total	337,674	11,479	349,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 **Turnover and Contract Liabilities** (Continued)

Revenue from the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Contract balances

		Group	
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Contract liabilities – current			
– ICT managed services	2,675	2,523	2,739
– Others	101	110	67
	2,776	2,633	2,806
Contract liabilities – non-current			
– Others	17	99	140
	2,793	2,732	2,946

Contract liabilities relate to the Group's obligation to perform services to customers for which the Group has received consideration from customers for ICT managed services. Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in the contract liabilities balances during the reporting period are disclosed as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period	(1,882)	(2,202)
Increase due to cash received, excluding amounts recognised as revenue during the year	2,130	2,006
Arising from disposal of subsidiaries (Note 20)	(178)	–
Exchange differences	(9)	(18)

No revenue is recognised during the financial year ended 31 December 2018 from performance obligations satisfied (or partially satisfied) in the previous periods, due to changes in transaction price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 Turnover and Contract Liabilities (Continued)

Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 is S$5,591,000.

The Group expects to recognise $3,974,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 in the financial year 2019, and $1,617,000 in the financial year 2020 onwards.

As permitted under the transitional provisions in SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

4(a) Purchases and Changes in Inventories and Direct Service Fees Incurred

Purchases and changes in inventories and direct service fees incurred comprise the following:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Distribution of operator products and services	211,851	275,376
ICT distribution and managed services	28,819	32,110
Mobile devices distribution and retail	11,210	11,505
Battery electric vehicles/others	85	46
	251,965	319,037

5 Other Income

	Group	
	2018	**2017**
	S$'000	**S$'000**
Other income – operating:		
– Rental income	141	108
– Write-back of trade and sundry payables (Note 11)	3,961	374
– Rebates	109	57
– Support service to a related party	6	–
– Others	46	93
	4,263	632
Other income – non-operating:		
– Gain on disposal of available-for-sale financial assets	–	190
– Gain on disposal of property, plant and equipment	14	26
– Gain on disposal of investment in subsidiaries	4,184	–
– Gain on revaluation of investment properties	183	94
– Others	24	–
	4,405	310
Interest income:		
– Fixed deposits	457	574
– Bank balances	10	72
– Others	19	6
	486	652

Write-back of trade and sundry payables relate to certain accruals and liabilities that are no longer required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 Personnel Costs

	Group	
	2018	**2017**
	S$'000	**S$'000**
Salaries and allowances	13,852	15,174
Central Provident Fund contributions	1,021	1,057
Defined benefit plan (Note 35)	82	286
Staff welfare	494	602
Insurance	173	158
Other personnel costs	399	254
	16,021	17,531

Other personnel costs include mainly medical fees, recruitment costs, training costs and provision for unpaid leave balance.

7 Profit before Taxation

Profit before taxation is stated after charging/(crediting) the following:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Audit fees paid/payable to:		
– Auditors of the Company	351	371
– Other auditors	90	87
Non-audit fees paid/payable to:		
– Other auditors	3	6
Directors' fees:		
– Directors of the Company	158	158
Other professional fees	1,008	1,265
Equipment rental	250	230
Foreign exchange (gain)/loss	(229)	74
Telecommunication expenses	367	355
Travelling and entertainment	1,432	1,465
Impairment loss on trade debts (Note 40(a) and 12)	–	203
Impairment loss on non-trade debts (Note 40(a) and 13)	38	88
Allowance for inventory obsolescence	73	61
Write-back of allowance for inventory obsolescence (Note 11)	(619)	(1,371)
Write off of inventories (Note 11)	5,990	13
Write off of trade debts	151	52
Write-back of impairment loss on trade debts (Note 40(a))	(226)	–
Gain on revaluation of investment properties	(183)	(94)
Gain on disposal of investment in subsidiaries	(4,184)	–
Interest expense on loans and borrowings	496	351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 Taxation

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2018 and 2017 are:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Consolidated income statement:		
Current income tax		
– Current income taxation	709	1,115
	709	1,115
Deferred income tax (Note 25)		
– Origination and reversal of temporary differences	234	25
Income tax expense	943	1,140

Foreign currency translation gains recognised in profit or loss upon disposal of foreign subsidiaries and fair value gains recycled to profit or loss on de-recognition presented under other comprehensive income have no income tax impact.

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Profit before taxation	4,692	1,924
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	1,085	258
Adjustments:		
Tax effect of expenses not deductible for tax purposes#	332	148
Effect of reduction in tax rate	(42)	–
Deferred tax assets not recognised	1,536	836
Utilisation of deferred tax assets previously not recognised	(1,370)	(41)
Income not subject to taxation	(665)	(57)
Others	67	(4)
Income tax expense recognised in the income statement	943	1,140

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

\# The expenses not deductible for tax purposes mainly relate to allowance for inventory obsolescence and impairment loss on non-trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

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8 **Taxation** (Continued)

The Group, in arriving at the current tax liabilities for the Singapore companies, has taken into account losses to be transferred under the loss transfer system of group relief in Singapore. This is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Group is net of the tax effects of the unutilised tax losses transferred.

The use of these tax losses and unabsorbed capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Estimated unutilised tax losses	139,038	255,229

The unutilised tax losses do not expire except for unutilised tax losses relating to subsidiaries in Indonesia, Thailand, China and United States of America which have expiry periods of between 5 and 20 years. The breakdown of unutilised tax losses that will expire in the next 5 years is as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Expiry dates		
31 December 2018	–	15,070
31 December 2019	2,995	3,959
31 December 2020	3,026	12,311
31 December 2021	1,769	24,617
31 December 2022	724	8,311
31 December 2023	629	–

9 **Discontinued Operations**

During the current financial year, the Group disposed its 100% interest in MediaRing.com, Inc. ("MRI"). The disposal was completed on 30 June 2018.

During the current financial year, the Group also disposed its 60% interest in Peremex Sdn Bhd ("PSB"), Delteq (M) Sdn Bhd ("DMSB"), Delteq Systems (M) Sdn Bhd ("DSSB"), Centia Technologies Sdn Bhd ("CTSB") and Centia Pte Ltd ("CPL"). The disposals were completed on 31 August 2018.

The disposals were consistent with the Group's plan to divest non-strategic/core and/or loss-making entities of the Group.

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 Discontinued Operations (Continued)

Analysis of loss for the year from discontinued operations of the following disposed entities:

The combined results of the discontinued operations (PSB, DMBS, DSSB, CTSB, CPL and MRI) included in the consolidated income statement are set out below:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Turnover	622	1,892
Other income – operating	26	14
Purchases and changes in inventories and direct service fees incurred	(279)	(1,235)
Personnel costs	(264)	(540)
Infrastructure costs	(37)	(101)
Marketing expenses	(1)	(1)
Other expenses – operating	(133)	(193)
Other expenses – non-operating	–	(2)
Depreciation of property, plant and equipment	(5)	(8)
Finance costs	(7)	(17)
Loss before tax from discontinued operations	(78)	(191)
Taxation	–	–
Loss for the year from discontinued operations, net of tax	(78)	(191)

Cash flows from discontinued operations:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Net cash outflows from operating activities	(151)	(92)
Net cash outflows from investing activities	(1)	(17)
Net cash outflows	(152)	(109)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 Earnings per Share

	Group 2018 Cents per share	Group 2017 Cents per share
Basic and diluted earnings per share:		
From continuing operations	31.29	7.23
From discontinued operations	(0.63)	(1.44)
	30.66	5.79

(a) Basic Earnings per Share

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. The following table reflects the profit and share data used in the basic and diluted earnings per share computation for the following year:

	Group 2018 S$'000	Group 2017 S$'000
Net profit attributable to ordinary shareholders for computing basic and diluted earnings per share	3,749	772

	Group 2018 '000	Group 2017 '000
Weighted average number of ordinary shares as at 31 December 2018 and 2017 for the purpose of computing the basic earnings per share as disclosed in Note 30	12,228	13,329

(b) Diluted Earnings per Share

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

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10 Earnings per Share (Continued)

(b) Diluted Earnings per Share (Continued)

	Group 2018 '000	Group 2017 '000
Weighted average number of ordinary shares as at 31 December 2018 and 2017 for the purpose of computing the diluted earnings per share as disclosed in Note 30	12,228	13,329

During the current financial year and since the end of the year, no employees (including senior executives and directors) (2017: Nil) have exercised options to acquire ordinary shares.

11 Inventories

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Inventories	10,360	19,736	13,800	–	–	–

The cost of inventories recognised as an expense in respect of continuing operations amounted to S$249,267,000 (2017: S$316,925,000).

The Group wrote back an allowance for inventories amounting to S$619,000 (2017: S$1,371,000) upon the sale of inventories that allowance thereof had been recognised previously.

During the current financial year, pursuant to an arrangement with one of the Telecom operators ("Operator") in Indonesia, certain inventories valuing S$5,990,000 have been extinguished. Correspondingly, the Operator relinquished its right to certain receivables of S$3,911,000. In addition, a fee of S$2,207,000 was charged to the Operator.

The Group has subjected the inventories amounting to S$4,122,000 (2017: S$6,205,000; 1 January 2017: S$9,119,000) to collateral charge as security for bank facilities (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Trade Receivables

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Non-current						
Trade receivables	5	6	81	–	–	–
Current						
Trade receivables	16,652	14,331	12,250	1,021	1,016	1,079
Less: Allowance for impairment	(3,395)	(3,535)	(3,538)	(909)	(898)	(966)
	13,257	10,796	8,712	112	118	113
Total trade receivables	13,262	10,802	8,793	112	118	113
Add:						
Long-term loans and advances to subsidiaries (Note 24)	–	–	–	917	8,247	1,042
Other receivables and deposits (Note 13)	4,288	7,303	6,101	1,032	1,662	2,280
Cash and cash equivalents (Note 16)	16,377	19,346	20,377	1,424	5,149	6,108
Fixed deposits (Note 16a)	7,818	2,940	11,503	3,400	–	9,872
Due from subsidiaries (Note 15)	–	–	–	178	58	2,026
Total loans and receivables	41,745	40,391	46,774	7,063	15,234	21,441

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Allowance for impairment for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL) as disclosed in the accounting policy in Note 2(j). The Group has recognised a loss allowance of 100% against certain receivables over 365 days past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. None of the trade receivables that have been written off is subject to recovery process.

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

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12 Trade Receivables (Continued)

The Group's and the Company's movement in credit loss allowance for impairment and credit risk in relation to trade receivables from contracts with customers under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as presented in Note 40(a). The Group's provision for loss allowance is determined based on the default rate by credit rating of customers, obtained from independent credit rating companies.

Receivables pledged as collateral

The Group has pledged trade receivables with a carrying amount of S$590,000 (2017: S$112,000; 1 January 2017: S$259,000) as collateral to secure a subsidiary's bank loans (Note 29).

Previous accounting policy for impairment of trade receivables

Trade receivables that were neither past due nor impaired were creditworthy debtors with a good payment record with the Group and the Company.

As at 31 December 2017, the Group's and the Company's financial assets neither past due nor impaired included trade receivables amounting to S$7,183,000 (1 January 2017: $5,303,000) and S$1,000 (1 January 2017: S$2,000) respectively.

Trade receivables that are past due but not impaired

As at 31 December 2017, the Group and the Company had trade receivables amounting to S$2,903,000 (1 January 2017: S$3,309,000) and S$4,000 (1 January 2017: S$3,000) respectively that were past due at the financial year end but not impaired. These trade receivables were unsecured and the analysis of their ageing at the financial year end was as follows:

	Group		Company	
	2017	**1 Jan 2017**	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade receivables past due for:				
Less than 30 days	1,950	1,530	1	1
31 to 60 days	300	439	1	1
61 to 90 days	174	267	1	1
More than 90 days	479	1,073	1	–
	2,903	3,309	4	3

The Group believed that no impairment allowance was necessary in respect of trade receivables not past due or past due up to 6 months. These receivables were mainly arising from customers that had a good credit record with the Group and therefore assessed by management to be of low credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Trade Receivables (Continued)

Previous accounting policy for impairment of trade receivables (Continued)

Trade receivables that are credit-impaired

Trade receivables are credit-impaired when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Group makes an estimation of the expected credit loss of the debtor. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days when they fall due, and impairs the financial asset based on the estimated expected credit loss. Where receivables are credit-impaired, the Group continues to engage to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's trade receivables that are credit-impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017	**1 Jan 2017**
	S$'000	**S$'000**
Group		
Trade receivables – nominal amounts	4,251	3,719
Less: Allowance for impairment	(3,535)	(3,538)
	716	181
Company		
Trade receivables – nominal amounts	1,011	1,074
Less: Allowance for impairment	(898)	(966)
	113	108

Allowance for expected credit loss impairment is recognised based on management's best estimation of the amounts that may not be recoverable.

Movement in the allowance account:

	Group	**Company**
	Individually impaired	
	2017	**2017**
	S$'000	**S$'000**
At the beginning of the year	3,538	966
Charge for the year	203	–
Write-back	–	(12)
Exchange differences	(206)	(56)
At the end of the year	3,535	898

During the previous financial year, the Company wrote back an allowance of S$12,000 upon the collection of debts that were previously provided for.

NOTES TO THE FINANCIAL STATEMENTS

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13 Other Receivables, Deposits and Tax Recoverable

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Other receivables and deposits						
Current						
Other receivables						
– Third parties	4,630	6,871	5,626	953	931	1,734
– Related parties	498	842	907	498	842	907
	5,128	7,713	6,533	1,451	1,773	2,641
Less: Allowance for impairment	(1,720)	(1,665)	(1,635)	(809)	(807)	(811)
	3,408	6,048	4,898	642	966	1,830
Deposits	567	1,006	696	382	674	359
Interest receivable	40	136	336	8	22	91
	4,015	7,190	5,930	1,032	1,662	2,280
Non-current						
Other receivables	273	113	171	–	–	–
Total other receivables and deposits	4,288	7,303	6,101	1,032	1,662	2,280
Tax recoverable						
Current	603	195	686	–	–	–

Other receivables mainly relate to the deferred sales proceeds to be received for the disposal of subsidiaries, value-added tax receivables and accrued performance bonuses for the distribution of operator products and services.

For the purpose of impairment assessment, the Group has recognised a loss allowance of 100% against certain receivables over 365 days past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable. The deferred sale proceeds and other receivables are considered to have low credit risk as at 31 December 2018 as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit loss (ECL) which reflects the low credit risk of the exposures. There is no allowance for impairment arising from these net outstanding balances as the expected credit losses are not material. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred sale proceeds and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 Other Receivables, Deposits and Tax Recoverable (Continued)

The Group's and the Company's movement in credit loss allowance for impairment and credit risk in relation to other receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as presented in Note 40(a). The Group's provision for loss allowance is determined based on the default rate by credit rating of customers, obtained from independent credit rating companies.

Previous accounting policy for impairment of other receivables

As at 31 December 2017, the Group's and the Company's other receivables and deposits that were neither past due nor impaired amounted to S$4,302,000 (1 January 2017: S$3,166,000) and S$701,000 (1 January 2017: S$1,292,000) respectively.

As at 31 December 2017, the Group's and the Company's other receivables and deposits (excluding advances paid to suppliers of S$193,000 (1 January 2017: S$246,000) that were past due but not impaired amounted to S$2,005,000 (1 January 2017: S$1,902,000) and S$961,000 (1 January 2017: S$988,000) respectively.

The Group believed that no impairment allowance was necessary in respect of other receivables and deposits past due up to 6 months. These receivables were mainly arising from parties that had a good credit record with the Group and therefore assessed by management to be of low credit risk.

Other receivables past due but not impaired

The analysis of the ageing of other receivables and deposits at the financial year end was as follows:

	Group		Company	
	2017	1 Jan 2017	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000
Other receivables and deposits past due for:				
Less than 30 days	70	49	–	–
31 to 60 days	3	3	–	–
61 to 90 days	1	70	–	–
More than 90 days	1,931	1,780	961	988
	2,005	1,902	961	988

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13 Other Receivables, Deposits and Tax Recoverable (Continued)

Previous accounting policy for impairment of other receivables (Continued)

Other receivables that are credit-impaired

Allowances for expected credit loss impairment are recognised against other receivables based on management's estimation of irrecoverable amounts.

The Group's and Company's other receivables that are credit-impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group		**Company**	
	Individually impaired		**Individually impaired**	
	2017	**1 Jan 2017**	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Other receivables – nominal amounts	2,468	2,422	807	811
Less: Allowance for impairment	(1,665)	(1,635)	(807)	(811)
	803	787	–	–

Movement in the allowance account:

	Group	**Company**
	Individually impaired	
	2017	**2017**
	S$'000	**S$'000**
At the beginning of the year	1,635	811
Charge for the year	88	56
Exchange differences	(58)	(60)
At the end of the year	1,665	807

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14 Prepayments

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Current						
Other prepaid expenses	2,264	2,948	1,897	72	15	26
Prepaid selling expenses	722	502	1,104	–	–	–
	2,986	3,450	3,001	72	15	26
Non-current						
Other prepaid expenses	95	176	201	–	–	–
Total prepayments	3,081	3,626	3,202	72	15	26

Total prepaid expenses mainly relate to advance payments to vendors by subsidiaries and prepaid rental for offices and shops.

15 Due from/(to) Subsidiaries

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of S$2,765,000 (2017: S$20,591,000; 1 January 2017: S$22,460,000).

The net amounts due to subsidiaries are trade payables of S$3,849,000 (2017: S$3,968,000; 1 January 2017: S$3,968,000) and non-trade payables of S$4,309,000 (2017: S$2,745,000; 1 January 2017: S$963,000) in nature, repayable on demand, unsecured, interest-free and to be settled in cash.

Movement in the allowance account:

	Company	
	2018 S$'000	2017 S$'000
At the beginning of the year	20,591	22,460
Charge for the year	354	122
Write-back	–	(285)
Write back consequent to disposal of subsidiaries	(18,595)	–
Exchange differences	415	(1,706)
At the end of the year	2,765	20,591

15(a) Long-Term Loans and Advances from Subsidiaries

During the financial year, the amounts due to subsidiaries amounting to S$3,164,000 were converted to long term unsecured loans. The loans bear interest of 3.5% per annum (2017: Nil; 1 January 2017: Nil), and will mature on 31 December 2024. The loan amount at the end of the year was S$3,288,000 (2017: Nil; 1 January 2017: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Fixed deposits	6,979	8,796	11,045	–	4,575	4,913
Cash and bank balances	9,398	10,550	9,332	1,424	574	1,195
	16,377	19,346	20,377	1,424	5,149	6,108
Less: Cash and bank deposits pledged	(2,488)	(5,778)	(2,907)	–	(3,233)	–
Add: Unpledged fixed deposits (Note 16(a))	4,573	622	9,872	3,400	–	9,872
Cash and cash equivalents per statement of cash flows	18,462	14,190	27,342	4,824	1,916	15,980

Fixed deposits with financial institutions mature in varying periods from the financial year end.

Fixed deposits earn interest at the effective interest rates ranging from 0.93% to 9.25% (2017: 0.25% to 9.0%; 1 January 2017: 0.20% to 8.8%) per annum. The maturity dates are between 1 January 2019 to 30 March 2019 (2017: between 1 January 2018 and 24 March 2018; 1 January 2017: between 9 January 2017 and 23 March 2017).

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0.05% to 6.5% (2017: 0.05% to 6.5%; 1 January 2017: 0.05% to 2.75%) per annum.

Fixed deposits of S$2,488,000 (2017: S$5,778,000; 1 January 2017: S$2,907,000) are pledged as security for trust receipts, bank guarantees, standby letters of credit and other bank services.

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents are presented net of pledged fixed deposits.

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16(a) Fixed Deposits

Fixed deposits comprise the following:

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Fixed deposits:						
– mature within one year	6,923	2,235	11,148	3,400	–	9,872
– mature after one year	895	705	355	–	–	–
	7,818	2,940	11,503	3,400	–	9,872
Less: Fixed deposits pledged						
– mature within one year	(2,350)	(1,613)	(1,276)	–	–	–
– mature after one year	(895)	(705)	(355)	–	–	–
	(3,245)	(2,318)	(1,631)	–	–	–
Unpledged fixed deposits (Note 16)	4,573	622	9,872	3,400	–	9,872

Fixed deposits with financial institutions mature in varying periods from the financial year end.

Mature within one year

Fixed deposits earn interest at the effective interest rates ranging from 5.5% to 8.85 % (2017: 6.25% to 8.75%; 1 January 2017: 6.75% to 9.25%) per annum. The maturity dates are between 5 January 2019 to 29 December 2019 (2017: between 5 April 2018 and 24 December 2018; 1 January 2017: between 6 April 2017 and 31 December 2017).

Mature after one year

Fixed deposits earn interest at the effective interest rates ranging from 6% to 9.25% (2017: 5.97% to 9.0%; 1 January 2017: 6.12% to 9.0%) per annum. The maturity dates are between 8 January 2020 to 4 June 2024 (2017: between 5 January 2019 and 4 November 2022; 1 January 2017: between 7 February 2018 and 22 February 2022).

Fixed deposits of S$3,245,000 (2017: S$2,318,000; 1 January 2017: S$1,631,000) are pledged as security for bank guarantees for projects undertaken in India.

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17 Property, Plant and Equipment

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles S$'000	Leasehold improvements S$'000	Buildings S$'000	Work in progress S$'000	Total S$'000
Group								
2018								
Cost or valuation								
At 1 January	187	17,853	1,307	3,071	457	2,075	4,778	29,728
Additions	44	357	20	122	3	–	159	705
Arising from disposal of subsidiaries	(23)	(1,763)	(482)	–	(84)	–	–	(2,352)
Revaluation (Note 33(b))	–	–	–	–	–	(255)	–	(255)
Reclassified to Investment Properties (Note 18)	–	–	–	–	–	(376)	–	(376)
Disposals/write-offs	–	–	(1)	(27)	–	–	–	(28)
Translation differences	(49)	106	7	(110)	(5)	(74)	(3)	(128)
Reclassification	–	–	–	4,757	–	–	(4,757)	–
At 31 December	159	16,553	851	7,813	371	1,370	177	27,294
Comprising:								
Cost	159	16,553	851	7,813	371	–	177	25,924
Valuation	–	–	–	–	–	1,370	–	1,370
At 31 December	159	16,553	851	7,813	371	1,370	177	27,294
Accumulated depreciation								
At 1 January	128	17,442	1,158	397	345	343	–	19,813
Depreciation charge for the year	19	317	64	658	77	110	–	1,245
Arising from disposal of subsidiaries	(19)	(1,768)	(476)	–	(70)	–	–	(2,333)
Revaluation (Note 33(b))	–	–	–	–	–	(372)	–	(372)
Reclassified to Investment Properties (Note 18)	–	–	–	–	–	(89)	–	(89)
Disposals/write-offs	–	–	(1)	(16)	–	–	–	(17)
Translation differences	(8)	97	(24)	(33)	(11)	8	–	29
At 31 December	120	16,088	721	1,006	341	–	–	18,276
Accumulated impairment								
At 1 January and 31 December	6	6	9	–	13	99	–	133
Net carrying amount								
At 31 December	33	459	121	6,807	17	1,271	177	8,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 Property, Plant and Equipment (Continued)

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles S$'000	Leasehold improvements S$'000	Buildings S$'000	Work in progress S$'000	Total S$'000
Group								
2017								
Cost or valuation								
At 1 January	1,795	18,646	844	523	804	2,645	1,339	26,596
Additions	12	177	88	1,345	36	–	4,814	6,472
Revaluation (Note 33(b))	–	–	–	–	–	(74)	–	(74)
Reclassified from Investment Properties (Note 18)	–	–	–	–	–	98	–	98
Disposals/write-offs	(1,572)	(56)	(28)	(60)	(364)	(497)	–	(2,577)
Translation differences	(52)	(914)	403	(32)	(19)	(159)	(14)	(787)
Reclassification	4	–	–	1,295	–	62	(1,361)	–
At 31 December	187	17,853	1,307	3,071	457	2,075	4,778	29,728
Comprising:								
Cost	187	17,853	1,307	3,071	457	–	4,778	27,653
Valuation	–	–	–	–	–	2,075	–	2,075
At 31 December	187	17,853	1,307	3,071	457	2,075	4,778	29,728
Accumulated depreciation								
At 1 January	1,729	18,162	715	223	573	362	–	21,764
Depreciation charge for the year	25	228	63	264	165	161	–	906
Revaluation (Note 33(b))	–	–	–	–	–	(42)	–	(42)
Disposals/write-offs	(1,572)	(49)	(25)	(37)	(364)	(110)	–	(2,157)
Translation differences	(54)	(899)	405	(53)	(29)	(28)	–	(658)
At 31 December	128	17,442	1,158	397	345	343	–	19,813
Accumulated impairment								
At 1 January	6	6	8	–	14	–	–	34
Impairment charge for the year	–	–	–	–	–	64	–	64
Translation differences	–	–	1	–	(1)	35	–	35
At 31 December	6	6	9	–	13	99	–	133
Net carrying amount								
At 31 December	53	405	140	2,674	99	1,633	4,778	9,782
At 1 January	60	478	121	300	217	2,283	1,339	4,798

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 Property, Plant and Equipment (Continued)

Depreciation is breakdown into:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Continuing operations	1,240	898
Discontinued operations (Note 9)	5	8
	1,245	906

The Group has engaged an independent external valuer to assess the valuation of buildings in Indonesia for the financial year ended 31 December 2018. Impairment charge for the year of Nil (2017: S$64,000) is made on certain buildings where the fair values are lower than the costs of these buildings.

Work in progress

Work in progress assets amounting to S$177,000 (2017: S$4,778,000; 1 January 2017: S$1,339,000) comprises of battery electric vehicles and other miscellaneous tools and parts that are not capable of being used during the current financial year.

Assets held under finance lease

The carrying amount of property, plant and equipment held under finance leases as at 31 December 2018 was S$4,672,000 (2017: S$49,000; 1 January 2017: S$286,000) and S$4,672,000 (2017: S$15,000; 1 January 2017: Nil) for the Group and the Company respectively. The leased assets have been pledged as security for the related finance liability.

Impairment of assets

During the previous financial year, an impairment loss of S$64,000 representing the write-down on the fair value of property, plant and equipment was recognised in the consolidated income statement (2018: Nil).

Buildings at fair value

The fair value of the Group's buildings as at 31 December 2018 has been arrived at on the basis of a valuation carried out by KJPP Felix Sutandar & Rekan, an independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 Property, Plant and Equipment (Continued)

Buildings at fair value (Continued)

Details of the Group's buildings and information about the fair value hierarchy (Note 41) are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2018				
Office buildings – Indonesia	–	1,271	–	1,271
2017				
Office buildings – Indonesia	–	1,633	–	1,633
1 Jan 2017				
Office buildings – Indonesia	–	2,283	–	2,283

Level 2 fair value of the Group's buildings have been derived using the market data approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square meter and the usage of the property.

Had the buildings been measured at cost less accumulated depreciation, the carrying amount would have been as follows:

		Group	
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Buildings			
– Cost	1,353	1,658	2,006
– Accumulated depreciation and impairment	(539)	(581)	(601)
– Net carrying amount	814	1,077	1,405

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 Property, Plant and Equipment (Continued)

Buildings at fair value (Continued)

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles S$'000	Work in progress S$'000	Total S$'000
Company						
2018						
Cost						
At 1 January	–	4,684	213	153	–	5,050
Additions	1	2	–	77	41	121
Translation differences	–	95	4	(62)	(1)	36
Intercompany transfer	–	–	–	6,805	137	6,942
At 31 December	1	4,781	217	6,973	177	12,149
Accumulated depreciation						
At 1 January	–	4,665	190	17	–	4,872
Depreciation charge for the year	–	11	11	211	–	233
Translation differences	–	94	4	(3)	–	95
At 31 December	–	4,770	205	225	–	5,200
Net carrying amount						
At 31 December	1	11	12	6,748	177	6,949
2017						
Cost						
At 1 January	–	5,057	196	–	–	5,253
Additions	–	13	33	154	–	200
Disposals	–	(1)	–	–	–	(1)
Translation differences	–	(385)	(16)	(1)	–	(402)
At 31 December	–	4,684	213	153	–	5,050
Accumulated depreciation						
At 1 January	–	5,036	195	–	–	5,231
Depreciation charge for the year	–	14	10	17	–	41
Disposals	–	(1)	–	–	–	(1)
Translation differences	–	(384)	(15)	–	–	(399)
At 31 December	–	4,665	190	17	–	4,872
Net carrying amount						
At 31 December	–	19	23	136	–	178
At 1 January	–	21	1	–	–	22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18 Investment Properties

	Group 2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
At fair value			
Balance at beginning of year	2,300	2,434	–
Transferred from/(to) property, plant and equipment (Note 17)	287	(98)	2,434
Gain from fair value adjustment	183	94	–
Translation differences	(140)	(130)	–
Balance at end of year	2,630	2,300	2,434

The fair value of the Group's investment properties as at 31 December 2018 has been arrived at on the basis of a valuation carried out by KJPP Felix Sutandar & Rekan, an independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2018				
Commercial property – Indonesia	–	2,630	–	2,630
2017				
Commercial property – Indonesia	–	2,300	–	2,300
1 Jan 2017				
Commercial property – Indonesia	–	2,434	–	2,434

Level 2 fair value of the Group's investment properties have been derived using the market data approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square meter and the usage of the property.

Investment properties are held mainly for use by tenants under operating leases. The following amounts are recognised in the Group's income statement:

	Group 2018 S$'000	2017 S$'000
Rental income	141	108
Direct operating expenses arising from investment properties that generated rental income	104	111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 Intangible Assets

	Goodwill S$'000	Licensing, patents and trademarks S$'000	Customer contracts S$'000	Order backlog S$'000	Customer relationship S$'000	Marketing rights S$'000	Deferred development costs S$'000	Total S$'000
Group								
2018								
Cost								
At 1 January	129,852	26,351	53	631	53,420	1,131	3,587	215,025
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	1,772	45	–	–	–	–	72	1,889
At 31 December	131,624	26,391	53	631	53,420	1,131	3,659	216,909
Accumulated amortisation and impairment								
At 1 January	129,852	26,330	53	631	53,420	1,131	3,587	215,004
Amortised during the year	–	5	–	–	–	–	–	5
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	1,772	45	–	–	–	–	72	1,889
At 31 December	131,624	26,375	53	631	53,420	1,131	3,659	216,893
Net carrying amount								
At 31 December	–	16	–	–	–	–	–	16
2017								
Cost								
At 1 January	134,179	26,537	53	631	53,420	1,131	3,882	219,833
Additions	–	24	–	–	–	–	–	24
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	(4,327)	(205)	–	–	–	–	(295)	(4,827)
At 31 December	129,852	26,351	53	631	53,420	1,131	3,587	215,025
Accumulated amortisation and impairment								
At 1 January	134,179	26,534	53	631	53,420	1,131	3,882	219,830
Amortised during the year	–	7	–	–	–	–	–	7
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	(4,327)	(206)	–	–	–	–	(295)	(4,828)
At 31 December	129,852	26,330	53	631	53,420	1,131	3,587	215,004
Net carrying amount								
At 31 December	–	21	–	–	–	–	–	21
At 1 January	–	3	–	–	–	–	–	3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 Intangible Assets (Continued)

The Group has fully impaired the goodwill and intangible assets, except for S$16,000 (2017: S$21,000; 1 January 2017: S$3,000) relating to licensing.

The remaining amortisation period as at 31 December 2018 is 1 to 3 years for licensing, patents and trademarks.

	Licensing, patents and trademarks S$'000	Deferred development costs S$'000	Total S$'000
Company			
2018			
Cost			
At 1 January	2,347	3,421	5,768
Translation differences	47	239	286
At 31 December	2,394	3,660	6,054
Accumulated amortisation and impairment			
At 1 January	2,331	3,421	5,752
Amortised during the year	4	–	4
Translation differences	46	239	285
At 31 December	2,381	3,660	6,041
Net carrying amount			
At 31 December	13	–	13
2017			
Cost			
At 1 January	2,520	3,702	6,222
Additions	19	–	19
Translation differences	(192)	(281)	(473)
At 31 December	2,347	3,421	5,768
Accumulated amortisation and impairment			
At 1 January	2,517	3,702	6,219
Amortised during the year	6	–	6
Translation differences	(192)	(281)	(473)
At 31 December	2,331	3,421	5,752
Net carrying amount			
At 31 December	16	–	16
At 1 January	3	–	3

NOTES TO THE FINANCIAL STATEMENTS

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20 Investment in Subsidiaries

	Company		
	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000
Unquoted equity shares, at cost	298,091	314,072	314,072
Less: Allowance for impairment	(272,893)	(285,706)	(289,005)
	25,198	28,366	25,067

Movement in the allowance account:

	Company	
	2018	2017
	S$'000	S$'000
At the beginning of the year	285,706	289,005
Charge for the year	3,837	–
Write-back	(669)	(3,299)
Disposal of subsidiaries	(15,981)	–
At the end of the year	272,893	285,706

On 30th June 2018, the Group disposed its 100% investment in Mediaring.com Inc ("MRUS") and on 31 August 2018, the Group disposed its 60% investment in Peremex Sdn Bhd ("PSB"), Delteq (M) Sdn Bhd ("DMSB"), Delteq Systems (M) Sdn Bhd ("DSSB"), Centia Technologies Sdn Bhd ("CTSB") and Centia Pte Ltd ("CPL"), collectively called the Cavu target companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

The major classes of assets and liabilities disposed of, the gain on disposal and the net cash flows are as follows:

	MRUS S$'000	Cavu target companies S$'000	Total S$'000
Consideration received in cash and cash equivalents	*	121	121
Deferred sales proceeds not received as at year end	–	181	181
Total consideration received	*	302	302
Inventories	–	53	53
Trade receivables, current	–	231	231
Other receivables and deposits, current	–	93	93
Prepayments	–	96	96
Cash and cash equivalents	–	239	239
Property, plant and equipment	–	19	19
Trade creditors	–	(280)	(280)
Other creditor and accruals, current	(10)	(271)	(281)
Contract liabilities	–	(178)	(178)
Net (liabilities)/assets disposed of	(10)	2	(8)
Total consideration received	*	302	302
Fair value of residual interest of 40%	–	201	201
Net liabilities/(assets) disposed of	10	(2)	8
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of the control of the subsidiary (Note 34)	3,733	(60)	3,673
Gain on disposal of subsidiaries	3,743	441	4,184

The aggregate cash outflow arising from disposal of subsidiaries:

	MRUS S$'000	Cavu target companies S$'000	Total S$'000
Consideration received in cash and cash equivalents	*	121	121
Cash and cash equivalents balances disposed of	–	(239)	(239)
Aggregate cash outflow arising from disposal of subsidiaries	*	(118)	(118)

* Amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

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20 Investment in Subsidiaries (Continued)

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by the Company					
MediaRing.com, Inc	To market and sell telecommunication services	USA	–	100	100
Singapore Electric Vehicles Pte Ltd[(c)]	Passenger land transport, motor vehicles dealership and retail of spare parts and accessories for vehicles	Singapore	100	100	100
MediaRing (Europe) Limited[(e)]	Dormant	United Kingdom	100	100	100
Alpha One Limited[(g)]	To market and sell telecommunication services	Hong Kong	100	100	100
Cavu Corp Pte Ltd[(c)]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100	100
Bharat IT Services Limited[(a)]	To supply, rent, maintain and service computer hardware	India	100	100	100
Spice-CSL Pte Ltd[(c)]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Singapore	100	100	100
Spice International Sdn. Bhd.[(a)]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories, computer and electronic equipment and consultancy services	Malaysia	100	100	100

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FINANCIAL STATEMENTS

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20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by the Company (Continued)					
Newtel Corporation Company Limited[h]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100	100
Maxworld Asia Limited[b]	Investment holding	British Virgin Islands	100	100	100
Bigstar Development Limited[b]	Investment holding	British Virgin Islands	100	100	100
Affinity Capital Pte. Ltd[c]	Investment holding and distributor of handphone	Singapore	100	100	100
PT. Selular Media Infotama[a]	Retail and distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	99.98	99.98	99.98
CSL Multimedia Sdn. Bhd[a]	Trading of portable computers and computer accessories	Malaysia	100	100	100
CSL Mobile Care Sdn Bhd[a]	Repairing and maintenance of mobile phones	Malaysia	100	100	100
Mobile Service International Co. Ltd (China)[f]	Technical advice and services and supply chain management services	People's Republic of China	51	51	51
CSL Communication (Shenzhen) Co. Ltd (China)[f]	Trading of mobile handsets	People's Republic of China	51	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by subsidiaries					
Held by Alpha One Limited					
MediaRing.com (Shanghai) Limited[(d)]	To market and sell telecommunication services	People's Republic of China	100	100	100
Held by Cavu Corp Pte Ltd					
Peremex Pte Ltd[(c)]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100	100
Centia Pte Ltd	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	–	100	100
Peremex Sdn Bhd	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	–	100	100
Delteq Pte Ltd[(c)]	To provide systems integration service related to computer equipment and peripherals, storage systems and networking products	Singapore	100	100	100
Held by Peremex Pte Ltd					
Peremex Computer Systems Private Limited[(i)]	To supply, rent, maintain and service computer hardware and peripheral equipment	India	–	100	100
Held by Centia Pte Ltd					
Centia Technologies Sdn Bhd	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	–	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by subsidiaries (Continued)					
Held by Delteq Pte Ltd					
Delteq Systems Pte Ltd[c]	To provide internet infrastructure, e-business applications consulting, project management and systems support services	Singapore	100	100	100
Delteq Systems (M) Sdn Bhd	To market computer software and render computer related services	Malaysia	–	100	100
Held by Delteq Systems (M) Sdn Bhd					
Delteq (M) Sdn Bhd	To market computer hardware and software and render computer related services	Malaysia	–	100	100
Held by Newtel Corporation Company Limited					
T.H.C. International Co., Ltd[h]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100	100
Held by Affinity Capital Pte Ltd					
PT. Selular Global Net[a]	Distributor of prepaid phone cards and top up vouchers	Indonesia	99.99	99.99	99.99

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by subsidiaries (Continued)					
Held by PT. Selular Media Infotama					
PT. Metrotech Jaya Komunika Indonesia[(a)]	Distributor of telecommunication equipment	Indonesia	99.78	99.78	99.78
PT Technomas Internusa[(a),(j)]	Distributor of prepaid phone cards and top up vouchers	Indonesia	–	–	–
Held by PT. Metrotech Jaya Komunika					
PT. Metrotech Makmur Sejahtera[(a)]	Distributor of telecommunication equipment	Indonesia	49	49	49

(a) Audited by a member firm of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member
(b) Not required to be audited by the laws of its country of incorporation
(c) Audited by Moore Stephens LLP, Singapore
(d) Audited by Shanghai Yunhao Certified Public Accountants Co. Ltd.
(e) Audited by Blick Rothenberg Chartered Accountants, United Kingdom
(f) Audited by Shenzhen Long De CPA
(g) Audited by F.L. Chim & Co. Hong Kong
(h) Audited by SSV Audit
(i) Peremex Computer Systems Private Limited has been struck off on the website of Ministry of Corporate Affairs of India during the year
(j) Refer to Note 3(b)(iv) for the assessment of control over PT Technomas Internusa

Impairment testing of investment in subsidiaries

An impairment loss was recognised for the financial year ended 31 December 2018 amounting to S$3,837,000 (2017: Impairment loss of Nil). The recoverable amount of the investment has been determined based on management's assessment of the fair value of the subsidiaries' assets and liabilities as at the financial year end. The measurement was categorised as a Level 2 fair value, as defined in Note 41 to the financial statements. The significant assumptions used refer to the fair value of the subsidiaries' investment properties and property, plant and equipment (Notes 18 and 17).

During the current financial year, the Company has written back impairment losses of S$669,000 (2017: S$3,299,000) based on the recoverable amount of one of its subsidiaries. The recoverable amount of the investment was based on its value in use. In assessing value in use, the estimated future cash flows expected to be generated by the subsidiary 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 risk specific to the asset.

Non-controlling interests

There are no material non-controlling interests of non-wholly-owned subsidiaries to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

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21 Investment in Associate

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Unquoted shares, at cost	64	63	68	64	63	68
Share of post-acquisition reserves	(64)	(63)	(68)	(64)	(63)	(68)
Carrying amount of investments	–	–	–	–	–	–

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by the Company					
Vipafone (Proprietary) Limited[(a)]	To market and sell telecommunication services	South Africa	40	40	40

(a) Not required to be audited by the laws of its country of incorporation

Unrecognised share of losses of associate

The Group has not recognised losses relating to Vipafone (Proprietary) Limited where its share of losses exceeds the Group's interest in this associate as the Group has no obligation in respect of these losses. Based on the information available to the Group, the Group's cumulative unrecognised losses in Vipafone (Proprietary) Limited is not material.

22 Financial Assets, at FVPL

	Group	
	2018 S$'000	2017 S$'000
Unquoted equity investments (held for trading)	201	–

During the current financial year, the Group disposed 60% of its interest in Peremex Sdn Bhd ("PSB"), Delteq (M) Sdn Bhd ("DMSB"), Delteq Systems (M) Sdn Bhd ("DSSB"), Centia Technologies Sdn Bhd ("CTSB") and Centia Pte Ltd ("CPL"). The partial disposal resulted in the Group losing control and significant influence over the subsidiaries. The fair value of the remaining 40% shares in these disposed entities turned financial assets, at FVPL amounted to S$201,000. The fair value measurement is classified within Level 3 of the fair value hierarchy.

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22(a) Available-for-sale Financial Assets

	Group and Company	
	2018	2017
	S$'000	S$'000
Quoted equity investment		
At beginning of the year	–	231
Disposal	–	(231)
At end of the year	–	–

The fair value of the quoted equity investment was determined directly by reference to its published market bid price on 1 January 2017. The fair value measurement is classified within Level 1 of the fair value hierarchy.

The Group has fully disposed its available-for-sale financial assets in the previous financial year ended 31 December 2017 for a consideration of S$250,000.

23 Loan Receivable

	Group and Company		
	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000
Third party	1,838	1,838	1,838
Less: Allowance for impairment	(1,838)	(1,838)	(1,838)
	–	–	–

Movement in the allowance account:

	Group and Company	
	2018	2017
	S$'000	S$'000
At the beginning and the end of the year	1,838	1,838

NOTES TO THE FINANCIAL STATEMENTS

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24 Long-term Loans and Advances to Subsidiaries

	Company 2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Long-term loans and advances treated as part of net investment in subsidiaries	21,803	48,231	52,222
Long-term loans to subsidiaries	47,578	53,139	43,998
Less: Allowance for impairment	(68,464)	(93,123)	(95,178)
	917	8,247	1,042

Long-term loans and advances treated as part of the net investment in subsidiaries are quasi-equity in nature, unsecured, interest-free and have no fixed terms of repayment.

Long-term loans to subsidiaries are unsecured, interest-bearing at between 4% to 5% (2017: 4% and 5%; 1 January 2017: 5%) per annum and have fixed repayment terms of between 2 and 7 years (2017: 2 and 7 years; 1 January 2017: 7 years). The contractual undiscounted cash flows for long-term loans to subsidiaries amounted to S$1,039,000 (2017: S$8,812,000; 1 January 2017: S$1,318,000).

For the purpose of impairment assessment, expected credit losses (ECL) are recognised in two stages. For credit exposures for which there has not been a significant increase in the risk of default since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit loss which reflects the low credit risk of the exposures. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and estimated the probability of default of the amounts due from subsidiaries as well as the loss upon default and recognised a loss allowance of 100% against certain receivables for which there has been a significant increase in credit risk since initial recognition. There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

Movement in the allowance account:

	Company 2018 S$'000	2017 S$'000
At the beginning of the year	93,123	95,178
Charge for the year	762	988
Disposal of subsidiaries	(27,400)	–
Exchange differences	1,979	(3,043)
At the end of the year	68,464	93,123

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25 Deferred Income Tax

	Group		
	Provisions S$'000	Revaluation gain on property, plant and equipment S$'000	Total S$'000
Deferred tax assets/(liabilities)			
2018			
At 1 January	419	(60)	359
Adjustment on initial application of SFRS(I) 9	7	–	7
Adjusted at 1 January	426	(60)	366
Charged to the income statement (Note 8)	(68)	(166)	(234)
Charged to the comprehensive income	–	11	11
Exchange differences	(22)	8	(14)
At 31 December	336	(207)	129
2017			
At 1 January	438	(70)	368
Charged to the income statement (Note 8)	(25)	–	(25)
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 32)	–	10	10
Exchange differences	6	–	6
At 31 December	419	(60)	359

Deferred tax liabilities are to be settled after one year.

	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Deferred tax assets:			
– to be recovered within one year	60	87	96
– to be recovered after one year	276	332	342
	336	419	438

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 Trade Creditors

	Group 2018 S$'000	Group 2017 S$'000	Group 1 Jan 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000	Company 1 Jan 2017 S$'000
Trade creditors	10,563	13,173	6,984	112	109	157
Add:						
Other creditors and accruals (excluding employee benefit obligation) (Note 27)	6,052	6,117	7,036	1,335	1,275	1,624
Lease obligations (Note 28)	2,729	33	18	2,729	20	–
Loans and bank borrowings (Note 29)	2,304	7,344	2,527	–	2,972	–
Due to subsidiaries (Note 15)	–	–	–	8,336	6,771	6,957
Long-term loans and advances from subsidiaries (Note 15(a))	–	–	–	3,288	–	–
Total financial liabilities carried at amortised cost	21,648	26,667	16,565	15,800	11,147	8,738

Trade creditors are non-interest bearing and are normally settled on 30 to 120 days' terms.

27 Other Creditors and Accruals

	Group 2018 S$'000	Group 2017 S$'000	Group 1 Jan 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000	Company 1 Jan 2017 S$'000
Amounts due to related parties	8	192	191	8	29	31
Other creditors	2,093	2,022	1,624	370	474	519
Employee benefit obligation (Note 35)	257	239	72	–	–	–
Accrued operating expenses	3,742	3,662	4,943	957	763	1,009
Deposits received	209	232	278	–	–	65
Accrued interest	–	9	–	–	9	–
	6,309	6,356	7,108	1,335	1,275	1,624

Amounts due to related parties are trade and non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

Included in the Group's and the Company's accrued operating expenses are sundry accruals amounting to S$2,917,000 (2017: S$2,899,000; 1 January 2017: S$3,895,000) and S$957,000 (2017: S$763,000; 1 January 2017: S$978,000) respectively. These accruals are non-interest bearing and are to be settled within the next twelve months.

Sundry accruals mainly relate to accruals for payroll expenses, professional fees and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 Lease Obligations

The Group has finance leases for office equipment and motor vehicles. The leases have terms of renewal at the option of the Group. There are no escalation clauses and no restrictions placed upon the Group by entering into these leases. An obligation by a subsidiary is secured by a charge over the leased assets (Note 17). The average discount rate implicit to the leases is 3.29% (2017: 4.28%; 1 January 2017: 9%) per annum.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2018		2017		1 Jan 2017	
	Minimum lease payments S$'000	Present value of minimum lease payments S$'000	Minimum lease payments S$'000	Present value of minimum lease payments S$'000	Minimum lease payments S$'000	Present value of minimum lease payments S$'000
Group						
Not later than one year	614	532	19	18	18	18
Later than one year but not later than five years	2,340	2,197	16	15	–	–
Later than five years	–	–	–	–	–	–
Total minimum lease payments	2,954	2,729	35	33	18	18
Less: Amounts representing finance charges	(225)	–	(2)	–	*	–
Present value of minimum lease payments	2,729	2,729	33	33	18	18
Company						
Not later than one year	614	532	6	5	–	–
Later than one year but not later than five years	2,340	2,197	16	15	–	–
Later than five years	–	–	–	–	–	–
Total minimum lease payments	2,954	2,729	22	20	–	–
Less: Amounts representing finance charges	(225)	–	(2)	–	–	–
Present value of minimum lease payments	2,729	2,729	20	20	–	–

* Amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 Loans and Bank Borrowings

	Group 2018 S$'000	Group 2017 S$'000	Group 1 Jan 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000	Company 1 Jan 2017 S$'000
Loans and bank borrowings	2,304	7,344	2,527	–	2,972	–

The loans of the Group bear an interest rate of between 8.7% and 11% (2017: 5% and 11%; 1 January 2017: 3% to 11%) per annum and are repayable within the next 12 months.

Loans amounting to S$2,304,000 (2017: S$4,372,000; 1 January 2017: S$2,527,000) are secured over a subsidiary's trade receivables (Note 12) and inventories (Note 11). Repayment of these loans is due on demand.

The reconciliation of movements of liabilities to cash flow arising from financing activities is presented below:

		Cash flows		Non-cash changes			
	1 January S$'000	Proceeds S$'000	Repayments S$'000	Reclassification S$'000	Plant and equipment S$'000	Exchange differences S$'000	31 December S$'000
2018							
Loans and bank borrowings	7,344	118,957	(121,010)	(2,799)	–	(188)	2,304
Lease obligations	33	–	(103)	2,799	–	–	2,729
	7,377	118,957	(121,113)	–	–	(188)	5,033
2017							
Loans and bank borrowings	2,527	148,020	(142,889)	–	–	(314)	7,344
Lease obligations	18	–	(30)	–	45	–	33
	2,545	148,020	(142,919)	–	45	(314)	7,377

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 Share Capital

	Group and Company			
	2018		2017	
	Number of shares '000	Share capital S$'000	Number of shares '000	Share capital S$'000
Fully paid ordinary shares:				
At the beginning of the year	13,712	580,518	13,712	580,518
Cancellation of treasury shares	(696)	(2,269)	–	–
At the end of the year	13,016	578,249	13,712	580,518

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

On 30 June 2016, the Company completed the reduction of the issued and paid-up share capital by cash distribution to the shareholders in the sum of S$0.729 for each fully paid-up ordinary share in the capital of the Company.

During the financial year, the Company cancelled 696,022 treasury shares amounting to S$2,269,000.

Taking the effect of the shares buy-back by the Company during the financial year, the weighted average number of ordinary shares as at 31 December 2018 was 12,228,000 (2017: 13,329,000).

31 Treasury Shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company acquired 628,727 (2017: 1,232,500) and cancelled 696,022 (2017: Nil) shares in the Company through purchases on the Singapore Exchange (SGX) during the financial year. The net amount paid to acquire the treasury shares was S$2,025,000 (2017: S$3,779,000) while the amount cancelled was S$2,269,000 this was presented as a component within shareholders' equity. The directly attributable incremental cost amounted to S$181,000 (2017: S$134,000).

	Group and Company			
	2018		2017	
	Number of shares '000	Share capital S$'000	Number of shares '000	Share capital S$'000
Treasury shares:				
At the beginning of the year	1,232	3,779	–	–
Share buyback	629	2,025	1,232	3,779
Cancellation of treasury shares	(696)	(2,269)	–	–
At the end of the year	1,165	3,535	1,232	3,779

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32 Accumulated Losses

	Group		Company	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
At the beginning of the year	(524,758)	(525,891)	(534,342)	(533,809)
Adjustment on initial application of SFRS(I) 9	(15)	–	–	–
	(524,773)	(525,891)	(534,342)	(533,809)
Profit/(loss) for the year	3,749	772	(7,012)	(543)
Unclaimed dividend distribution	–	10	–	10
Transferred from revaluation reserve (Note 33(b))	–	222	–	–
Transferred from deferred tax liability (Note 25)	–	10	–	–
Remeasurement of defined benefit plans	200	119	–	–
At the end of the year	(520,824)	(524,758)	(541,354)	(534,342)

33 Other Reserves

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Reserve on acquisition of non-controlling interest	3,389	3,389	3,389	–	–	–
Revaluation reserve	1,539	1,422	1,676	–	–	–
Fair value adjustment reserve	–	–	128	–	–	128
Employee share-based payment reserve	253	253	253	253	253	253
Share issue costs	(9,038)	(9,038)	(9,038)	(9,038)	(9,038)	(9,038)
Purchase of treasury shares	(315)	(134)	–	(315)	(134)	–
Total other reserves	(4,172)	(4,108)	(3,592)	(9,100)	(8,919)	(8,657)

NOTES TO THE FINANCIAL STATEMENTS

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33 Other Reserves (Continued)

(a) Reserve on Acquisition of Non-Controlling Interest

The reserve on acquisition of non-controlling interest relates to the excess of the net recognised amount of the identifiable assets acquired and liabilities assumed over the fair value of the consideration on the acquisition of a non-controlling interest.

	Group	
	2018	2017
	S$'000	S$'000
At the beginning and the end of the year	3,389	3,389

(b) Revaluation Reserve

The revaluation reserve arises on the revaluation of property, plant and equipment

	Group	
	2018	2017
	S$'000	S$'000
At the beginning of the year	1,422	1,676
Increase/(impairment) arising on revaluation of property, plant and equipment (Note 17)	117	(32)
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 32)	–	(222)
At the end of the year	1,539	1,422

(c) Fair Value Adjustment Reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired.

	Group and Company	
	2018	2017
	S$'000	S$'000
At the beginning of the year	–	128
Net change in the reserve	–	(128)
At the end of the year	–	–
Net change in the reserve arises from:		
– fair value gains recycled to profit or loss on de-recognition	–	(128)
	–	(128)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33 Other Reserves (Continued)

(d) Employee Share-Based Payment Reserve

Employee share-based payment reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the period in which the performance and/or service conditions are fulfilled.

The share options and performance shares granted had lapsed. According to SFRS(I) 2, the Group is not allowed to subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited or, in the case of share options, the options are not exercised.

	Group and Company	
	2018	**2017**
	S$'000	**S$'000**
At the beginning and the end of the year	253	253

(e) Share Issue Cost

Share issue cost represents cumulative expenses incurred for the issuance of shares being capitalised.

	Group and Company	
	2018	**2017**
	S$'000	**S$'000**
At the beginning and the end of the year	(9,038)	(9,038)

(f) Purchase of treasury shares

The reserve for the Company's treasury shares comprises the directly attributable transaction costs in acquiring the treasury shares as disclosed in Note 31 to the financial statements.

	Group and Company	
	2018	**2017**
	S$'000	**S$'000**
At the beginning of the year	(134)	–
Transaction costs paid	(181)	(134)
At the end of the year	(315)	(134)

NOTES TO THE FINANCIAL STATEMENTS

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34 Translation Reserve

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
At the beginning of the year	(2,656)	–	(816)	–
Gain reclassified to profit or loss on disposal of foreign operations (Note 20)	(3,673)	–	–	–
Exchange differences arising on translating the net assets of foreign operations	(1,576)	(2,656)	51	(816)
At the end of the year	(7,905)	(2,656)	(765)	(816)

35 Employee Benefits

(a) Employee share incentive plan

The Company has employee share incentive plans for granting of non-transferable options to employees.

The particulars of share options of the Company are as follows:

(i) 1999 Sevak Employees' Share Option Scheme

This scheme had lapsed in the year 2009 and had since been discontinued. The last outstanding option under this scheme lapsed in April 2016. There are no outstanding options under this scheme.

(ii) 1999 Sevak Employees' Share Option Scheme II

This scheme had lapsed in year 2009 and had since been discontinued. There are no outstanding options under this scheme.

(iii) Sevak Restricted Share Plan and Sevak Performance Share Plan

The Sevak RSP and Sevak PSP had lapsed in April 2016 and had since been discontinued. There are no outstanding restricted share awards or performance share awards pending under these schemes.

NOTES TO THE FINANCIAL STATEMENTS

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35 **Employee Benefits** (Continued)

(a) **Employee share incentive plan** (Continued)

(iv) Sevak Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the Sevak 1999 Employee' Share Option Scheme and the 1999 Sevak Employees' Share Option Scheme II as no new options can be granted under these Schemes. Pursuant to ESOP 2014, the Remuneration Committee ("RC") has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

On 27 March 2015, a total of 274,200,000 stock options were granted to the Directors under the ESOP 2014. The options granted at an exercise price of S$0.0024 were to be vested after 2 years from the date of the grant. The options can be exercised up to 10 years from the date of the grant.

As at the end of the financial year, all options granted had lapsed.

(b) **Post-Employment Defined Benefit Plans**

The Group has several defined benefit plans covering eligible employees of the subsidiaries.

The estimated employee benefits liability recognised in the statement of financial position are as follows:

		Group	
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Current portion (Note 27)	257	239	72
Non-current portion	700	959	995
	957	1,198	1,067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35 Employee Benefits (Continued)

(b) Post-Employment Defined Benefit Plans (Continued)

The employee benefits expenses recognised in the income statement are as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Current service costs	152	191
Interest costs	72	86
Gains on curtailments and settlements	(142)	9
Employee benefit expense for leave encashment	–	–
Net employee benefits expense (Note 6)	82	286

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Benefit obligation at the beginning of the year	1,198	1,067
Retirement benefit expenses recognised in profit or loss	82	286
Benefits paid	(73)	(57)
Translation differences	(50)	21
Defined benefit cost charged to OCI	(200)	(119)
Benefit obligation at the end of the year	957	1,198

The principal assumptions used by independent actuaries in determining the post-employment obligations for certain subsidiaries' plans are as follows:

Annual discount rate	:	7 – 8.5%
Annual salary increment rate	:	1 – 5.5%
Annual employee turnover rate	:	0 – 12%
Mortality rate reference	:	IALM[1] 2006-2008 Ultimate and 100% TMI3[2]
Disability rate	:	0 – 5% TMI3[2]
Retirement age	:	58 – 60 years

1 Indian Assured Lives Mortality

2 Tabel Mortalita Indonesia 3

NOTES TO THE FINANCIAL STATEMENTS

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36 Related Party Transactions

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the the parties.

(a) Sale and Purchase of Goods and Services and Others

	Group	
	2018	2017
	S$'000	S$'000
Sale of goods to entities owned by a significant shareholder	20	75
Rental of office space from a company owned by a significant shareholder	(1,058)	(1,221)
Purchases of plant and equipment from a company related to a director	–	(214)
Payment on behalf of a company related to a director	(2)	(39)

The Group sold goods amounting to S$20,000 (2017: S$75,000) to entities owned by a significant shareholder.

The Group entered into a contract with Smart Innovation Global Pte. Ltd., a firm owned by a significant shareholder, for the rental of an office space for an amount of S$1,058,000 (2017: S$1,221,000).

During the financial year, the Group bought plant and equipment of Nil (2017: S$214,000) from a company related to a director and also made a payment of S$2,000 (2017: S$39,000) on behalf of a company related to a director.

(b) Compensation of Key Management Personnel

	Group	
	2018	2017
	S$'000	S$'000
Short-term employee benefits	1,324	1,309
Central Provident Funds contributions	45	43
Total compensation paid to key management personnel	1,369	1,352

	Group	
	2018	2017
	S$'000	S$'000
Comprise amounts paid to:		
Independent directors of the Company – Directors' fees	158	158
Executive Director and other key management personnel	1,211	1,194
	1,369	1,352

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37 Contingent Liabilities and Commitments

(a) Contingent Liabilities

Continuing financial support

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them until they have the financial capability to repay the Company. The Company will also, when required, provide sufficient working capital to enable them to operate as a going concern for a period of at least twelve months from the respective dates of the Directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2018.

Corporate guarantees

	Group		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Corporate guarantees provided to enable the Company and its subsidiaries to obtain credit facilities and banking facilities:			
– Total facilities	17,473	14,772	16,645
– Total outstanding	4,463	2,338	1,873

(b) Operating Lease Commitments – As Lessee

The Group leases certain properties under lease agreements that are non-cancellable. It has various operating lease agreements for offices, office equipment and leased equipment. There are no escalation clauses included in the contracts and no restrictions placed upon the Group and the Company by entering into these leases.

Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Within 1 year	957	1,114	852	506	646	649
Within 2 to 5 years	328	426	314	–	–	14
	1,285	1,540	1,166	506	646	663

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S$1,986,000 (2017: S$2,288,000; 1 January 2017: S$1,889,000) and S$613,000 (2017: S$818,000; 1 January 2017: S$277,000) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37 Contingent Liabilities and Commitments (Continued)

(c) Operating Lease Commitments – As Lessor

The Group has entered into various non-cancellable lease commitments in respect of lease equipment and properties for a period of 1 to 5 years.

Future minimum lease receivables under non-cancellable operating leases at the end of the financial year are as follows:

	Group			Company		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Within 1 year	527	749	525	–	–	–
Within 2 to 5 years	44	152	172	–	–	–
	571	901	697	–	–	–

(d) Capital Commitments

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

	Group			Company		
	2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Commitments in respect of property, plant and equipment	–	125	413	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

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38 Segment Information

(a) Operating Segments

	Distribution of operator products and services S$'000	ICT distribution and managed services S$'000	Mobile devices distribution and retail S$'000	Battery Electric Vehicles S$'000	Total from continuing operations S$'000	Operation related to Disposed Companies S$'000	Group S$'000
2018							
Turnover – external sales	225,653	41,345	12,492	1,589	281,079	622	281,701
Purchases and changes in inventories and direct service fees incurred	(211,851)	(28,819)	(11,210)	(85)	(251,965)	(282)	(252,247)
Commissions and other selling expenses	(33)	(265)	(26)	–	(324)	–	(324)
Other income – operating	4,056	124	28	55	4,263	26	4,289
Personnel costs	(6,124)	(7,806)	(784)	(1,307)	(16,021)	(264)	(16,285)
Infrastructure costs	(1,063)	(1,049)	(443)	(41)	(2,596)	(37)	(2,633)
Marketing expenses	(1,192)	(29)	(36)	(14)	(1,271)	(1)	(1,272)
Foreign exchange (loss)/gain	31	131	31	3	196	17	213
Other expenses – operating	(7,884)	(2,859)	(513)	(485)	(11,741)	(147)	(11,888)
Interest income from cash deposits	97	371	13	5	486	–	486
Finance costs	(385)	(17)	(4)	(90)	(496)	(7)	(503)
Depreciation of property, plant and equipment	(268)	(303)	(63)	(606)	(1,240)	(5)	(1,245)
Amortisation of intangible assets	(2)	(3)	–	–	(5)	–	(5)
Gain on disposal of investment in subsidiaries	–	4,184	–	–	4,184	–	4,184
Gain on disposal of property, plant and equipment	11	2	1	–	14	–	14
Gain on revaluation of investment properties	168	–	15	–	183	–	183
Others	(20)	14	30	–	24	–	24
Profit/(loss) before taxation	1,194	5,021	(469)	(976)	4,770	(78)	4,692
Taxation	(542)	(352)	(49)	–	(943)	–	(943)
Profit/(loss) after taxation	652	4,669	(518)	(976)	3,827	(78)	3,749
Segment assets	22,340	31,720	6,357	7,440	67,857	–	67,857
Segment liabilities	4,847	17,094	1,216	2,979	26,136	–	26,136
Capital expenditure	66	97	–	224	387	–	387

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38 Segment Information (Continued)

(a) Operating Segments (Continued)

	Distribution of operator products and services S$'000	ICT distribution and managed services S$'000	Mobile devices distribution and retail S$'000	Battery Electric Vehicles S$'000	Total from continuing operations S$'000	Operation related to Disposed Companies S$'000	Group S$'000
2017							
Turnover – external sales	289,144	46,062	13,062	885	349,153	1,892	351,045
Purchases and changes in inventories and direct service fees incurred	(275,376)	(32,110)	(11,505)	(46)	(319,037)	(1,235)	(320,272)
Commissions and other selling expenses	(33)	(229)	(26)	–	(288)	–	(288)
Other income – operating	256	333	23	20	632	12	644
Personnel costs	(7,225)	(8,529)	(933)	(844)	(17,531)	(540)	(18,071)
Infrastructure costs	(1,143)	(1,047)	(516)	(26)	(2,732)	(101)	(2,833)
Marketing expenses	(1,293)	(8)	(13)	(121)	(1,435)	(1)	(1,436)
Foreign exchange (loss)/gain	(112)	45	(44)	14	(97)	–	(97)
Other expenses – operating	(2,183)	(2,994)	(674)	(182)	(6,033)	(193)	(6,226)
Interest income from cash deposits	168	457	22	5	652	–	652
Finance costs	(280)	(68)	(3)	–	(351)	(17)	(368)
Depreciation of property, plant and equipment	(281)	(294)	(99)	(224)	(898)	(8)	(906)
Amortisation of intangible assets	(5)	(2)	–	–	(7)	–	(7)
Gain on disposal of property, plant and equipment	23	–	3	–	26	–	26
Gain on revaluation of investment properties	85	–	9	–	94	–	94
Impairment loss on property, plant and equipment	(58)	–	(6)	–	(64)	–	(64)
Gain on disposal of available-for-sale financial assets	48	–	9	5	62	–	62
Fair value gains recycled to profit or loss on de-recognition	38	90	–	–	128	–	128
Others	(89)	(44)	(26)	–	(159)	–	(159)
Profit/(loss) before taxation	1,684	1,662	(717)	(514)	2,115	(191)	1,924
Taxation	(319)	(785)	(36)	–	(1,140)	–	(1,140)
Profit/(loss) after taxation	1,365	877	(753)	(514)	975	(191)	784
Segment assets	33,341	28,380	6,135	7,675	75,531	939	76,470
Segment liabilities	11,872	14,462	1,116	3,230	30,680	675	31,355
Capital expenditure	148	119	11	6,156	6,434	17	6,451

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38 **Segment Information** (Continued)

(a) **Operating Segments** (Continued)

The following items are (added to)/deducted from segment other expenses to arrive at "other expenses" presented in the consolidated income statement:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Other expenses in segment information	(11,888)	(6,226)
Foreign exchange gain/(loss)	213	(97)
Others	–	(225)
Total other expenses in consolidated income statement	(11,675)	(6,548)
Other expenses per consolidated income statement		
Other expenses – non-operating	–	(225)
Other expenses – operating	(11,545)	(6,130)
Other expenses of disposed entities	(130)	(193)
Total other expenses in consolidated income statement	(11,675)	(6,548)

(b) **Geographical Information**

	Turnover		Non-current Assets*		Capital Expenditure	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Southeast Asia[(a)]	262,850	330,709	11,553	12,164	365	6,419
South Asia[(b)]	18,229	18,444	66	83	22	60
Others[(c)]	–	–	7	9	–	–
Total from continuing operations	281,079	349,153	11,626	12,256	387	6,479
Operations related to disposed companies	622	1,892	–	23	–	17
	281,701	351,045	11,626	12,279	387	6,496

(a) Southeast Asia includes Singapore, Indonesia, Malaysia and Thailand. Indonesia is the largest contributor at 85% (2017: 87%) for turnover. Singapore is the largest contributor at 63% (2017: Singapore at 63%) for non-current assets.

(b) South Asia includes India.

(c) Others include People's Republic of China, Hong Kong, the Americas and United Kingdom.

* Non-current assets exclude financial assets and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39 Directors' Remuneration

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
2018			
S$250,000 to S$599,999	1	–	1
Below S$250,000*	–	4	4
	1	4	5
2017			
S$250,000 to S$599,999	1	–	1
Below S$250,000**	–	6	6
	1	6	7

* Includes one Director who resigned during the current financial year, who did not receive remuneration.

** Includes three Directors who resigned during the previous financial year, of which two did not receive remuneration.

40 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise financial assets, at FVPL, fixed deposits, cash and bank balances, lease obligations and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade creditors, which arise directly from its day-to-day operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading for profit purposes. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments.

The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange risk and market price risk. The Board reviews and agrees policies for managing these risks which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial period, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should there be a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The Group mainly transacts with high credit quality counterparties of at least an "A" rating by external credit rating companies, where the counterparties have AAA or AA credit ratings, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

The carrying amount of trade and other receivables, loan receivable, fixed deposits and cash and bank balances represents the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade debts based upon expected collectability of all trade debts.

At the financial year end, the Group's and the Company's maximum exposure to credit risk is represented by:

i. The carrying amount of each class of financial assets recognised in the statements of financial position; and

ii. Corporate guarantees provided to enable a subsidiary to purchase goods and/or services from a supplier:

		Group	
	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000
– Total facilities	8,000	8,000	8,000
– Total outstanding	1,451	2,187	1,341

These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary has a strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

The movements in credit loss allowance for impairment are as follows:

	Trade receivables S$'000	Other receivables S$'000	Total S$'000
Group			
At 1 January 2018 per SFRS 39	3,535	1,665	5,200
Adjustment on initial application of SFRS(I) 9	22	–	22
At 1 January 2018 per SFRS(I) 9	3,557	1,665	5,222
Loss allowance recognised in profit or loss during the year on:			
– Assets that are credit-impaired	–	38	38
– Reversal of unutilised amounts	(226)	–	(226)
– Exchange differences	136	19	155
	(90)	57	(33)
Disposal of subsidiaries	(72)	(2)	(74)
At 31 December 2018 per SFRS(I) 9	3,395	1,720	5,115
Company			
At 1 January 2018 per SFRS(I) 9	898	807	1,705
Loss allowance recognised in profit or loss during the year on:			
– Reversal of unutilised amounts	(8)	(13)	(21)
– Exchange differences	19	15	34
	11	2	13
At 31 December 2018 per SFRS(I) 9	909	809	1,718

Cash and cash equivalents, fixed deposits and financial assets, at FVPL are subject to immaterial credit loss.

As disclosed in Note 12, the Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

Credit risk grading guideline

Management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e. interest and/or principal repayment are more than 30 days past due).	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired (i.e. interest and/or principal repayments are more than 180 days past due).^	Lifetime ECL (credit-impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

^ There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. Management has based on historical experience and information to demonstrate that a more lagging default criteria is more appropriate given the nature of the Group's business in satisfying a performance obligation over time and customers generally make payment when the performance obligation is completed.

A financial asset is credit-impaired when credit risk has increased significantly since initial recognition due to the following:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same 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.

Information regarding trade and other receivables and loan receivable that are credit-impaired are disclosed in Notes 12, 13 and 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

		Past due						
	Current** S$'000	Within 30 days** S$'000	30 to 60 days^ S$'000	60 to 90 days^ S$'000	90 to 180 days^ S$'000	180 to 365 days^^ S$'000	More than 365 days^^ S$'000	Total S$'000
Group								
Distribution of operator products and services								
Expected loss rate	0%	0%	–	–	–	–	–	0%
Trade receivables	961	5	–	–	–	–	–	966
Allowance for impairment	–	–	–	–	–	–	–	–
ICT distribution and managed services								
Expected loss rate	0.45%	0.45%	1.55%	1.55%	6%	51%	74%	16%
Trade receivables	4,639	324	91	151	227	123	1,387##	6,942
Allowance for impairment	–*	–*	–*	–*	(14)	(63)	(1,030)	(1,107)
Assessed as a separate risk profile#:								
Expected loss rate	0%	0%	0%	–	0%	0%	–	0%
Trade receivables	4,937	359	144	–	830	16	–	6,286
Allowance for impairment	–	–	–	–	–	–	–	–
Mobile devices distribution and retail								
Expected loss rate	0%	–	–	–	–	–	100%	95%
Trade receivables	121	–	–	–	–	–	2,288	2,409
Allowance for impairment	–	–	–	–	–	–	(2,288)	(2,288)
Battery electric vehicles/ others								
Expected loss rate	0%	–	–	–	–	–	–	0%
Trade receivables	54	–	–	–	–	–	–	54
Allowance for impairment	–	–	–	–	–	–	–	–
Company								
ICT distribution and managed services								
Expected loss rate	0%	0%	0%	0%	–	–	89%	89%
Trade receivables	2	1	1	1	–	–	1,016	1,021
Allowance for impairment	–	–	–	–	–	–	(909)	(909)

** rated as performing

^ rated as under-performing

^^ rated as non-performing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

For debts past due 30 days, management has considered forward-looking information and determined that there is no significant increase in credit risk since initial recognition. Management has access to historical evidence that demonstrates that there is no correlation between a significant increase in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

* Management has applied the default rates of between 0.45% and 1.55% by credit rating of customers to the trade receivables for assessment of lifetime expected credit losses. The expected credit loss is not material.

\# The receivables classified under the separate risk profile in the table above are entities that fall under the Government of Singapore which have AAA-credit rating and are considered to have low credit risk for the purpose of impairment assessment. The historical default rate obtained from external credit rating companies was 0.00%.

\## Based on historical loss experience, management is of the view that the remaining trade receivables are generally slow paymasters. Accordingly, the expected credit loss is not material.

The Group's and the Company's credit risk exposure in relation to other receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

		Past due						
	Current** S$'000	Within 30 days** S$'000	30 to 60 days^ S$'000	60 to 90 days^ S$'000	90 to 180 days^ S$'000	180 to 365 days^^ S$'000	More than 365 days^^ S$'000	Total S$'000
Group								
Other receivables								
Expected loss rate	0.45%	0.45%	1.55%	1.55%	1.55%	30%	41%	26%
Other receivables	1,810	397	25	38	187	30	4,124#	6,611
Allowance for impairment	–*	–*	–*	–*	–*	(9)	(1,711)	(1,720)
Company								
Other receivables								
Expected loss rate	0%	–	–	–	–	–	56%	44%
Other receivables	390	–	–	–	–	–	1,451##	1,841
Allowance for impairment	–	–	–	–	–	–	(809)	(809)

** rated as performing

^ rated as under-performing

^^ rated as non-performing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

Management has assessed other receivables to have low credit risk and there has been no significant increase in the risk of default on the receivables since initial recognition. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition. Accordingly, the 12-month expected credit loss is not material.

* The expected credit loss is not material.

The remaining receivables (Group) mainly pertain to Goods & Services Tax receivable and tax recoverable from Singapore and Indonesia entities respectively. During the financial year ended 31 December 2018, the Group received correspondences from the tax authorities on the recoverability of these amounts. Accordingly, the expected credit loss is not material.

The remaining receivables (Company) mainly pertain to amount due from a related party with a credit rating of BBB and considered to have low credit risk for the purpose of impairment assessment. The historical default rate obtained from external credit rating companies was 4.71%. Accordingly, the expected credit loss is not material.

Previous accounting policy for impairment of trade and other receivables

Financial assets that were neither past due nor impaired

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

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and fixed deposits and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 **Financial Risk Management Objectives and Policies** (Continued)

(b) **Liquidity Risk** (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the financial year end based on the contractual undiscounted repayment obligations.

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Group				
2018				
Financial assets:				
Financial assets, at FVPL	201	–	–	201
Trade and other receivables	17,301	249	–	17,550
Cash and cash equivalents	16,377	–	–	16,377
Fixed deposits	7,161^	1,031*	–	8,192
Total undiscounted financial assets	41,040	1,280	–	42,320
Financial liabilities:				
Trade and other creditors and accruals	16,607	–	–	16,607
Due to related parties	8	–	–	8
Lease obligations	614	2,340	–	2,954
Loans and bank borrowings	2,304	–	–	2,304
Total undiscounted financial liabilities	19,533	2,340	–	21,873
Total net undiscounted financial assets/(liabilities)	21,507	(1,060)	–	20,447
2017				
Financial assets:				
Trade and other receivables	17,986	119	–	18,105
Cash and cash equivalents	19,346	–	–	19,346
Fixed deposits	2,387^	756*	–	3,143
Total undiscounted financial assets	39,719	875	–	40,594
Financial liabilities:				
Trade and other creditors and accruals	19,098	–	–	19,098
Due to related parties	192	–	–	192
Lease obligations	19	16	–	35
Loans and bank borrowings	7,344	–	–	7,344
Total undiscounted financial liabilities	26,653	16	–	26,669
Total net undiscounted financial assets	13,066	859	–	13,925

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Group				
1 Jan 2017				
Financial assets:				
Available-for-sale financial assets	–	231	–	231
Trade and other receivables	14,642	252	–	14,894
Cash and cash equivalents	20,377	–	–	20,377
Fixed deposits	11,335^	404*	–	11,739
Total undiscounted financial assets	46,354	887	–	47,241
Financial liabilities:				
Trade and other creditors and accruals	13,829	–	–	13,829
Due to related parties	191	–	–	191
Lease obligations	18	–	–	18
Loans and bank borrowings	2,527	–	–	2,527
Total undiscounted financial liabilities	16,565	–	–	16,565
Total net undiscounted financial assets	29,789	887	–	30,676

^ includes interest receivable from fixed deposits of S$238,000 (2017: S$152,000; 1 January 2017: S$187,000)

* includes interest receivable from fixed deposits of S$136,000 (2017: S$51,000; 1 January 2017: S$49,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 **Financial Risk Management Objectives and Policies** (Continued)

(b) **Liquidity Risk (Continued)**

Analysis of financial instruments by remaining contractual maturities (Continued)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Company				
2018				
Financial assets:				
Trade and other receivables	1,144	–	–	1,144
Due from subsidiaries	178	1,039^	–	1,217
Cash and cash equivalents	1,424	–	–	1,424
Fixed deposits	3,449*	–	–	3,449
Total undiscounted financial assets	6,195	1,039	–	7,234
Financial liabilities:				
Trade and other creditors and accruals	1,439	–	–	1,439
Amounts due to related parties	8	–	–	8
Due to subsidiaries	8,336	–	4,042#	12,378
Lease obligations	614	2,340	–	2,954
Loans and bank borrowings	–	–	–	–
Total undiscounted financial liabilities	10,397	2,340	4,042	16,779
Total net undiscounted financial liabilities	(4,202)	(1,301)	(4,042)	(9,545)
2017				
Financial assets:				
Trade and other receivables	1,780	–	–	1,780
Due from subsidiaries	58	8,812^	–	8,870
Cash and cash equivalents	5,150*	–	–	5,150
Total undiscounted financial assets	6,988	8,812	–	15,800
Financial liabilities:				
Trade and other creditors and accruals	1,355	–	–	1,355
Amounts due to related parties	29	–	–	29
Due to subsidiaries	6,771	–	–	6,771
Lease obligations	6	16	–	22
Loans and bank borrowings	2,972	–	–	2,972
Total undiscounted financial liabilities	11,133	16	–	11,149
Total net undiscounted financial (liabilities)/assets	(4,145)	8,796	–	4,651

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Company				
1 Jan 2017				
Financial assets:				
Available-for-sale financial assets	–	231	–	231
Trade and other receivables	2,393	–	–	2,393
Due from subsidiaries	2,026	1,318^	–	3,344
Cash and cash equivalents	6,108	–	–	6,108
Fixed deposits	9,946*	–	–	9,946
Total undiscounted financial assets	20,473	1,549	–	22,022
Financial liabilities:				
Trade and other creditors and accruals	1,750	–	–	1,750
Amounts due to related parties	31	–	–	31
Due to subsidiaries	6,957	–	–	6,957
Total undiscounted financial liabilities	8,738	–	–	8,738
Total net undiscounted financial assets	11,735	1,549	–	13,284

* includes interest receivable from fixed deposits of S$49,000 (2017: S$1,000; 1 January 2017: S$74,000)

^ includes interest receivable from subsidiaries of S$122,000 (2017: S$565,000; 1 January 2017: S$276,000)

\# includes interest payable to subsidiaries of S$754,000 (2017: Nil; 1 January 2017: Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	Within 1 year S$'000	1 to 5 Years S$'000	After 5 years S$'000	Total S$'000
Company				
2018				
Corporate guarantees	1,451	–	–	1,451
2017				
Corporate guarantees	2,187	–	–	2,187
1 Jan 2017				
Corporate guarantees	1,341	–	–	1,341

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and bank borrowings, lease obligations, fixed deposits and cash and bank balances.

To manage interest rate risk, surplus funds are placed with reputable banks as fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(c) Interest Rate Risk (Continued)

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk.

	Within 1 year S$'000	1-5 years S$'000	After 5 years S$'000	Total S$'000
Group				
2018				
Floating rate				
Cash and cash equivalents	16,377	–	–	16,377
Fixed deposits	6,923	895	–	7,818
Loan and bank borrowings	(2,304)	–	–	(2,304)
Fixed rate				
Lease obligations	(532)	(2,197)	–	(2,729)
2017				
Floating rate				
Cash and cash equivalents	19,346	–	–	19,346
Fixed deposits	2,235	705	–	2,940
Loan and bank borrowings	(7,344)	–	–	(7,344)
Fixed rate				
Lease obligations	(18)	(15)	–	(33)
1 Jan 2017				
Floating rate				
Cash and cash equivalents	20,377	–	–	20,377
Fixed deposits	11,148	355	–	11,503
Loan and bank borrowings	(2,527)	–	–	(2,527)
Fixed rate				
Lease obligations	(18)	–	–	(18)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(c) Interest Rate Risk (Continued)

	Within 1 year S$'000	1-5 years S$'000	After 5 years S$'000	Total S$'000
Company				
2018				
Fixed rate				
Long-term loans and advances to subsidiaries	–	917	–	917
Long-term loans and advances from subsidiaries	–	–	(3,288)	(3,288)
Lease obligations	(532)	(2,197)	–	(2,729)
Floating rate				
Cash and cash equivalents	1,424	–	–	1,424
Fixed deposits	3,400	–	–	3,400
2017				
Fixed rate				
Long-term loans and advances to subsidiaries	–	8,247	–	8,247
Lease obligations	(5)	(15)	–	(20)
Floating rate				
Cash and cash equivalents	5,149	–	–	5,149
Loan and bank borrowings	(2,972)	–	–	(2,972)
1 Jan 2017				
Fixed rate				
Due from subsidiaries	–	1,042	–	1,042
Floating rate				
Cash and cash equivalents	6,108	–	–	6,108
Fixed deposits	9,872	–	–	9,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(c) Interest Rate Risk *(Continued)*

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

At the financial year end, if the SGD's and the foreign currencies' interest rates had been 100 (2017: 100; 1 January 2017: 100) basis points lower/higher with all other variables held constant, there is no significant impact to the Group's profit net of tax.

(d) Foreign Exchange Risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Indian Rupee ("INR"), Indonesian Rupiah ("IDR") and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

The Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies. However, the Group reviews periodically that its net exposure is kept at an acceptable level. Approximately 100% (2017: 100%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 97% (2017: 98%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivables and trade and other payables balances at the financial year end have similar exposures.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including United States – United States Dollar ("USD"), Hong Kong – Hong Kong Dollar ("HKD"), People's Republic of China – Chinese Renminbi ("RMB"), India – Indian Rupee ("INR"), Indonesia – Indonesian Rupiah ("IDR"), Malaysia – Malaysian Ringgit ("MYR") and Thailand – Thai Baht ("THB").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 **Financial Risk Management Objectives and Policies** (Continued)

(d) **Foreign Exchange Risk** (Continued)

The Group's foreign currency exposure based on the information provided to key management at the end of the financial year end are as follows:

	USD S$'000	SGD S$'000	INR S$'000	THB S$'000	MYR S$'000	IDR S$'000	Others S$'000	Total S$'000
Group								
2018								
Trade receivables	178	7,419	4,578	–	–	1,087	–	13,262
Other receivables and deposits	541	1,075	340	785	–	1,142	405	4,288
Cash and cash equivalents	1,196	5,865	2,182	42	195	6,885	12	16,377
Fixed deposits	–	3,400	4,418	–	–	–	–	7,818
Trade creditors	(1,662)	(7,772)	(343)	(1)	–	(776)	(9)	(10,563)
Other creditors and accruals	(399)	(3,172)	(554)	(71)	(13)	(1,807)	(36)	(6,052)
Lease obligations	–	(2,729)	–	–	–	–	–	(2,729)
Loans and bank borrowings	–	–	(478)	–	–	(1,826)	–	(2,304)
Net financial (liabilities)/assets	(146)	4,086	10,143	755	182	4,705	372	20,097
Net assets denominated in functional currencies	(827)	(3,105)	(10,145)	(755)	(182)	(4,705)	(372)	(20,091)
Net currency exposure	(973)	981	(2)	–	–	–	–	6
2017								
Trade receivables	1,283	4,483	4,752	–	284	–	–	10,802
Other receivables and deposits	877	1,079	718	794	48	3,369	418	7,303
Cash and cash equivalents	5,300	4,997	2,540	326	527	5,642	14	19,346
Fixed deposits	–	–	2,940	–	–	–	–	2,940
Trade creditors	(1,416)	(5,720)	(1,136)	(15)	(243)	(4,636)	(7)	(13,173)
Other creditors and accruals	(455)	(3,117)	(349)	(133)	(232)	(1,800)	(31)	(6,117)
Lease obligations	–	(21)	–	–	–	(12)	–	(33)
Loans and bank borrowings	–	(2,972)	–	–	–	(4,372)	–	(7,344)
Net financial assets/(liabilities)	5,589	(1,271)	9,465	972	384	(1,809)	394	13,724
Net assets denominated in functional currencies	(5,537)	(1,702)	(9,447)	(972)	25	1,809	(394)	(16,218)
Net currency exposure	52	(2,973)	18	–	409	–	–	(2,494)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

	USD S$'000	SGD S$'000	INR S$'000	THB S$'000	MYR S$'000	IDR S$'000	Others S$'000	Total S$'000
Group								
1 Jan 2017								
Trade receivables	1,049	3,462	4,240	–	42	–	–	8,793
Other receivables and deposits	124	2,429	503	753	56	1,590	646	6,101
Cash and cash equivalents	6,537	4,800	2,518	353	678	5,468	23	20,377
Fixed deposits	9,872	–	1,631	–	–	–	–	11,503
Trade creditors	(1,444)	(3,441)	(797)	(15)	(353)	(927)	(7)	(6,984)
Other creditors and accruals	(257)	(3,657)	(945)	(97)	(257)	(1,757)	(66)	(7,036)
Lease obligations	–	(18)	–	–	–	–	–	(18)
Loans and bank borrowings	–	–	–	–	–	(2,527)	–	(2,527)
Net financial assets	15,881	3,575	7,150	994	166	1,847	596	30,209
Net assets denominated in functional currencies	(15,181)	(2,469)	(7,143)	(994)	(10)	(1,847)	(399)	(28,043)
Net currency exposure	700	1,106	7	–	156	–	197	2,166

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

	USD S$'000	SGD S$'000	INR S$'000	THB S$'000	MYR S$'000	IDR S$'000	Others S$'000	Total S$'000
Company								
2018								
Trade receivables	112	–	–	–	–	–	–	112
Other receivables and deposits	528	504	–	–	–	–	–	1,032
Due (to)/from subsidiaries	(4,324)	(3,422)	–	782	176	–	(3,741)	(10,529)
Cash and cash equivalents	298	1,126	–	–	–	–	–	1,424
Fixed deposits	–	3,400	–	–	–	–	–	3,400
Trade creditors	–	(112)	–	–	–	–	–	(112)
Other creditors and accruals	–	(1,335)	–	–	–	–	–	(1,335)
Lease obligations	–	(2,729)	–	–	–	–	–	(2,729)
Loans and bank borrowings	–	–	–	–	–	–	–	–
Net financial (liabilities)/assets	(3,386)	(2,568)	–	782	176	–	(3,741)	(8,737)
Net assets denominated in functional currencies	3,386	–	–	–	–	–	–	3,386
Net currency exposure	–	(2,568)	–	782	176	–	(3,741)	(5,351)
2017								
Trade receivables	112	6	–	–	–	–	–	118
Other receivables and deposits	877	785	–	–	–	–	–	1,662
Due (to)/from subsidiaries	(56)	4,471	–	981	12	–	(3,874)	1,534
Cash and cash equivalents	4,719	430	–	–	–	–	–	5,149
Trade creditors	(109)	–	–	–	–	–	–	(109)
Other creditors and accruals	(54)	(1,215)	(6)	–	–	–	–	(1,275)
Lease obligations	–	(20)	–	–	–	–	–	(20)
Loans and bank borrowings	–	(2,972)	–	–	–	–	–	(2,972)
Net financial assets/(liabilities)	5,489	1,485	(6)	981	12	–	(3,874)	4,087
Net assets denominated in functional currencies	(5,489)	–	–	–	–	–	–	(5,489)
Net currency exposure	–	1,485	(6)	981	12	–	(3,874)	(1,402)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

	USD S$'000	SGD S$'000	INR S$'000	THB S$'000	MYR S$'000	IDR S$'000	Others S$'000	Total S$'000
Company								
1 Jan 2017								
Trade receivables	107	6	–	–	–	–	–	113
Other receivables and deposits	124	2,156	–	–	–	–	–	2,280
Due from/(to) subsidiaries	305	(1,333)	–	1,041	16	–	(3,918)	(3,889)
Cash and cash equivalents	5,457	651	–	–	–	–	–	6,108
Fixed deposits	9,872	–	–	–	–	–	–	9,872
Trade creditors	(154)	(3)	–	–	–	–	–	(157)
Other creditors and accruals	(239)	(1,350)	(8)	–	–	–	(27)	(1,624)
Net financial assets/(liabilities)	15,472	127	(8)	1,041	16	–	(3,945)	12,703
Net assets denominated in functional currencies	(15,472)	–	–	–	–	–	–	(15,472)
Net currency exposure	–	127	(8)	1,041	16	–	(3,945)	(2,769)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the following exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group Increase/(decrease) in profit before tax	
	2018 S$'000	2017 S$'000
USD/SGD		
– strengthened 5% (2017: 8%)	(49)	4
– weakened 5% (2017: 8%)	49	(4)
MYR/SGD		
– strengthened 1% (2017: 5%)	–	20
– weakened 1% (2017: 5%)	–	(20)

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41 Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. Fair value of financial instruments that are carried at fair value

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2018				
Designated at fair value through profit or loss (Note 22)	–	–	201	201
1 January 2017				
Available-for-sale financial assets (Note 22(a))	231	–	–	231

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There has been no transfer of financial instruments between Level 1 and Level 2 during the financial years ended 31 December 2018 and 31 December 2017.

Valuation technique and input used in Level 3 fair value measurement

Description	Fair value at 31 Dec 2018 S$'000	Unobservable input	Range of unobservable input S$'000	Relationship of unobservable input to fair value
Financial assets, at FVPL	201 40%	Estimated market value	450 to 550 100%	The higher the estimate, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

41 Fair Values of Financial Instruments (Continued)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, fixed deposits, trade and other receivables, loan receivable, trade and other creditors, amounts due from/(to) subsidiaries, current loans and bank borrowings and current lease obligations.

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of non-current trade and other receivables, lease obligations and fixed deposits approximate the fair values.

Determination of fair value

The fair values of trade and other receivables, lease obligations and fixed deposits are estimated by discounting expected future cash flows at current market incremental lending/deposit rates for similar types of lending, leasing and deposit arrangements at the financial year end and are included in level 2 of the fair value hierarchy.

42 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios and a positive cash position in order to support its business and maximise shareholder value.

The Group is not subject to any externally imposed capital requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

To maintain a positive cash position, the Group ensures that it has sufficient cash balances and enters into loans when necessary. In order to achieve positive cash position, the Group focuses on deriving positive cash profits as well as through better working capital management.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

42 Capital Management (Continued)

	Group		
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Total gross debt			
– Loans and bank borrowings	2,304	7,344	2,527
– Lease obligations	2,729	33	18
	5,033	7,377	2,545
Shareholders' equity			
– Share capital	578,249	580,518	580,518
– Treasury shares	(3,535)	(3,779)	–
– Accumulated losses	(520,824)	(524,758)	(525,891)
– Other reserves	(4,172)	(4,108)	(3,592)
– Translation reserve	(7,905)	(2,656)	–
	41,813	45,217	51,035
Gross debt equity ratio	12.04%	16.31%	4.99%
Cash and bank balances and fixed deposits	24,195	22,286	31,880
Less: Total gross debt	(5,033)	(7,377)	(2,545)
Net cash position	19,162	14,909	29,335

43 Events occurring after the reporting period

On 31 December 2018, the Board of Directors of the Company approved the change of functional currency of the Company from United States Dollar to Singapore Dollar with effect from 1 January 2019 (being the commencement of the next financial year) due to a change in business model of the Company to engage in leasing of electric vehicles to its subsidiary over a five-year period. The transactions are denominated in Singapore Dollar.

44 Transition to SFRS(I) and Adoption of New Standards

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

As stated in Note 2(a), these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

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

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

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

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

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018. There were no material adjustments to the Group's profit or loss, other comprehensive income and statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity:

	Note	1 Jan 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) 15 S$'000	SFRS(I) Framework S$'000
Assets					
Current assets					
Inventories		13,800	–	–	13,800
Trade receivables		8,712	–	–	8,712
Other receivables and deposits		5,930	–	–	5,930
Prepayments		3,001	–	–	3,001
Cash and cash equivalents		20,377	–	–	20,377
Fixed deposits		11,148	–	–	11,148
Tax recoverable		686	–	–	686
		63,654	–	–	63,654
Non-current assets					
Property, plant and equipment		4,798	–	–	4,798
Investment properties		2,434	–	–	2,434
Intangible assets		3	–	–	3
Available-for-sale financial assets		231	–	–	231
Deferred tax assets	(b)(i)	170	–	268	438
Trade receivables		81	–	–	81
Other receivables		171	–	–	171
Prepayments		201	–	–	201
Fixed deposits		355	–	–	355
		8,444	–	268	8,712
Total assets		72,098	–	268	72,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity: (Continued)

	Note	1 Jan 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) 15 S$'000	SFRS(I) Framework S$'000
Liabilities					
Current liabilities					
Trade creditors		6,984	–	–	6,984
Other creditors and accruals		7,108	–	–	7,108
Deferred revenue	(b)(ii)	1,996	–	(1,996)	–
Contract liabilities	(b)(i)	–	–	2,806	2,806
Lease obligations		18	–	–	18
Loans and bank borrowings		2,527	–	–	2,527
Tax payable		787	–	–	787
		19,420	–	810	20,230
Non-current liabilities					
Provision for employee benefits		995	–	–	995
Deferred revenue		140	–	–	140
Deferred tax liabilities		70	–	–	70
		1,205	–	–	1,205
Total liabilities		20,625	–	810	21,435
Equity attributable to owners of the Company					
Share capital		580,518	–	–	580,518
Accumulated losses	(a)(i)	(457,516)	(67,833)	(542)	(525,891)
Other reserves		(3,592)	–	–	(3,592)
Translation reserve	(a)(i)	(67,833)	67,833	–	–
		51,577	–	(542)	51,035
Non-controlling interest		(104)	–	–	(104)
Total equity		51,473	–	(542)	50,931
Total liabilities and equity		72,098	–	268	72,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity: (Continued)

	Note	31 Dec 2017 SFRS Framework S$'000	31 Dec 2017 SFRS(I) 1 S$'000	31 Dec 2017 SFRS(I) 15 S$'000	31 Dec 2017 SFRS(I) Framework S$'000	1 Jan 2018 SFRS(I) 9 S$'000	1 Jan 2018 SFRS(I) Framework S$'000
Assets							
Current assets							
Inventories		19,736	–	–	19,736	–	19,736
Trade receivables	(c)	10,796	–	–	10,796	(32)	10,764
Other receivables and deposits		7,190	–	–	7,190	–	7,190
Prepayments		3,450	–	–	3,450	–	3,450
Cash and cash equivalents		19,346	–	–	19,346	–	19,346
Fixed deposits		2,235	–	–	2,235	–	2,235
Tax recoverable		195	–	–	195	–	195
		62,948	–	–	62,948	(32)	62,916
Non-current assets							
Property, plant and equipment		9,782	–	–	9,782	–	9,782
Investment properties		2,300	–	–	2,300	–	2,300
Intangible assets		21	–	–	21	–	21
Deferred tax assets	(b)(i)	151	–	268	419	7	426
Trade receivables		6	–	–	6	–	6
Other receivables	(c)	113	–	–	113	23	136
Prepayments		176	–	–	176	–	176
Fixed deposits		705	–	–	705	–	705
		13,254	–	268	13,522	30	13,552
Total assets		76,202	–	268	76,470	(2)	76,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity: (Continued)

	Note	31 Dec 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) 15 S$'000	SFRS(I) Framework S$'000	1 Jan 2018 SFRS(I) 9 S$'000	SFRS(I) Framework S$'000
Liabilities							
Current liabilities							
Trade creditors		13,173	–	–	13,173	–	13,173
Other creditors and accruals	(c)	6,356	–	–	6,356	13	6,369
Deferred revenue	(b)(ii)	1,823	–	(1,823)	–	–	–
Contract liabilities	(b)(i)	–	–	2,633	2,633	–	2,633
Lease obligations		18	–	–	18	–	18
Loans and bank borrowings		7,344	–	–	7,344	–	7,344
Tax payable		698	–	–	698	–	698
		29,412	–	810	30,222	13	30,235
Non-current liabilities							
Lease obligations		15	–	–	15	–	15
Provision for employee benefits		959	–	–	959	–	959
Deferred revenue		99	–	–	99	–	99
Deferred tax liabilities		60	–	–	60	–	60
		1,133	–	–	1,133	–	1,133
Total liabilities		30,545	–	810	31,355	13	31,368
Equity attributable to owners of the Company							
Share capital		580,518	–	–	580,518	–	580,518
Treasury shares		(3,779)	–	–	(3,779)	–	(3,779)
Accumulated losses	(c)	(456,383)	(67,833)	(542)	(524,758)	(15)	(524,773)
Other reserves		(4,108)	–	–	(4,108)	–	(4,108)
Translation reserve	(a)(i)	(70,489)	67,833	–	(2,656)	–	(2,656)
		45,759	–	(542)	45,217	(15)	45,202
Non-controlling interest		(102)	–	–	(102)	–	(102)
Total equity		45,657	–	(542)	45,115	(15)	45,100
Total liabilities and equity		76,202	–	268	76,470	(2)	76,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Company's equity:

	Note	1 Jan 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) Framework S$'000
Assets				
Current assets		20,425	–	20,425
Non-current assets		26,365	–	26,365
Total assets		46,790	–	46,790
Liabilities				
Current liabilities		8,738	–	8,738
Non-current liabilities		–	–	–
Total liabilities		8,738	–	8,738
Equity attributable to owners of the Company				
Share capital		580,518	–	580,518
Treasury shares		–	–	–
Accumulated losses		(479,023)	(54,786)	(533,809)
Other reserves		(8,657)	–	(8,657)
Translation reserve	(a)(i)	(54,786)	54,786	–
		38,052	–	38,052
Non-controlling interest		–	–	–
Total equity		38,052	–	38,052
Total liabilities and equity		46,790	–	46,790

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Company's equity: (Continued)

	Note	31 Dec 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) Framework S$'000
Assets				
Current assets		7,002	–	7,002
Non-current assets		36,807	–	36,807
Total assets		43,809	–	43,809
Liabilities				
Current liabilities		11,132	–	11,132
Non-current liabilities		15	–	15
Total liabilities		11,147	–	11,147
Equity attributable to owners of the Company				
Share capital		580,518	–	580,518
Treasury shares		(3,779)	–	(3,779)
Accumulated losses		(479,556)	(54,786)	(534,342)
Other reserves		(8,919)	–	(8,919)
Translation reserve	(a)(i)	(55,602)	54,786	(816)
		32,662	–	32,662
Non-controlling interest		–	–	–
Total equity		32,662	–	32,662
Total liabilities and equity		43,809	–	43,809

Adoption of New Standards

(a) SFRS(I) 1

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

(a) SFRS(I) 1 (Continued)

(i) Foreign currency translation reserve ("FCTR")

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

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to zero at the date of transition, and reclassified the Group's and Company's cumulative FCTR of $67,833,000 and S$54,786,000 respectively as at 1 January 2017 determined in accordance with SFRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the Group's and Company's cumulative FCTR increased by $67,833,000 and S$54,786,000 respectively, and retained earnings decreased by the same amount as at 31 December 2017.

(b) SFRS(I) 15

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

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

The Group has applied the following practical expedients as allowed under SFRS(I) 1:

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.
- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.
- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

(b) SFRS(I) 15 (Continued)

(i) Accounting for contracts with multiple performance obligations

Under SFRS, Revenue from the maintenance and servicing of computer hardware and peripheral equipment, systems integration service and consultation services is recognised at the time when services are rendered.

The Group has assessed each contract under the requirements of SFRS(I) 15 and concluded that there are two distinct performance obligations which are satisfied at different timings. A contract liability of S$810,000 arising from the performance obligation not being satisfied as at year end and deferred tax assets of S$268,000 were recognised as a result of this change as at 1 January 2017.

(ii) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, "Deferred revenue" of S$1,823,000 as at 31 December 2017 and S$1,996,000 as at 1 January 2017 were reclassified to "Contract liabilities".

(c) SFRS(I) 9

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

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under SFRS 39 *Financial Instruments: Recognition and Measurement*.

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

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

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.

  – The determination of the business model within which a financial asset is held;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

(c) SFRS(I) 9 (Continued)

- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- The designation of an equity investment that is not held-for-trading as at FVOCI; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

- If a debt investment has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

45 New Standards and Interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2019:

Applicable to 2019 financial statements:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

45 New Standards and Interpretations not yet adopted (Continued)

Applicable to 2021 financial statements:

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred:

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

The Group has assessed that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following.

(a) SFRS(I) 16

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

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

No significant impact is expected for the Group's and the Company's operating and finance leases.

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