



RELIABILITY IS OUR BUSINESS

SINWA LIMITED | ANNUAL REPORT 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

SIM YONG TENG
(Executive Chairman/Executive Director)

TAN LAY LING
(Non-Executive Director)

HENG LEE SENG
(Independent Director)

YEO NAI MENG
(Independent Director)

COMPANY SECRETARY

SIAU KUEI LIAN

AUDIT COMMITTEE

HENG LEE SENG *(Chairman)*
YEO NAI MENG
TAN LAY LING

NOMINATING COMMITTEE

YEO NAI MENG *(Chairman)*
HENG LEE SENG
SIM YONG TENG

REMUNERATION COMMITTEE

YEO NAI MENG *(Chairman)*
HENG LEE SENG
TAN LAY LING

REGISTERED OFFICE

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Singapore 629057
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E: sinwa@sinwaglobal.com
W: www.sinwaglobal.com

SHARE REGISTRAR

**RHT Corporate Advisory Pte.
Ltd.**
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

AUDITORS

Mazars LLP
135 Cecil Street,
#10-01 MYP Plaza
Singapore 069536

Partner-in-charge:
CHAN HOCK LEONG, RICK
(appointed since financial
year ended 31 December
2016)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

**Oversea-Chinese Banking
Corporation Limited**
65 Chulia Street
OCBC Centre
Singapore 049513

EXECUTIVE CHAIRMAN'S MESSAGE

Dear Shareholders,

FINANCIAL REVIEW

Against the backdrop of a painfully slow recovery of the oil and gas industry, and the prevailing uncertainties in the shipping market, due largely to the trade war between China and USA, the Group have turned in a creditable set of results. Net profit for the year under review at \$10.2 million is 7.45% above that of the previous year, with revenue marginally up at \$173.7 million.

We end the year with a strong net cash position with cash and net cash equivalent of \$34.1 million, an increase of \$8.0 million, over the previous year.

THE DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN SINWA SS PTE. LTD., SEAFIRST MARINE SERVICES PTE. LTD., SINWA OFFSHORE PTE. LTD., SINWA SHIP SUPPLY (HK) PTE. LTD., WINDSOR MARINE PTE LTD, AND SINWA AUSTRALIA PTY LIMITED (THE DISPOSAL)

On 13 Nov 2018, the Company announced that it has entered into a conditional Share Purchase and Loan Assignment agreement ("SPA") with Asia Ship Chandlery Holdings Pte. Ltd. ("the Purchaser") pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase all the issued and paid-up capital of the above wholly-owned subsidiaries of the Company, and the Company has further agreed to assign and transfer, and procure the assignment and transfer by Sinwa SS Pte. Ltd., to the Purchaser of certain intercompany loans owing by the Sales Subsidiaries and their subsidiaries to the Company SIPL for an aggregate consideration of \$74,865,000 upon terms and subject to the conditions of the SPA.

Pursuant to the SPA, Asia Ship Chandlery Holdings Pte. Ltd. has granted to the Company an option to require the Purchaser to acquire either all the shares of SHAPL or the Australia Industrial Properties for a minimum sale price of \$8,600,000, and the completion shall take place by 30 April 2019.

The Company held an Extraordinary General Meeting ("EGM") on 22 Jan 2019 to seek shareholders' approval for the proposed Disposal of the Sales Subsidiaries, including the Sale of the Australian Properties, as announced on 13 November 2018. The proposed Disposal was duly approved and passed at the EGM by the requisite majority of shareholders.

CASH COMPANY

On 1 February 2019, the Company announced the completion of the Disposal of the Sale Subsidiaries. Upon completion of the Disposal, the Company ceased to hold any operating business, and become a Cash Company as defined under Rule 1018 of the Listing Manual. Currently, the Company is evaluating opportunities including, but not limited to potential mergers and acquisition targets. The completion of these potential mergers and acquisition may result in a reverse takeover.

SPECIAL DIVIDEND PAYMENT

Following the Completion of Disposal of Sales Subsidiaries on 1 February 2019, the Board has recommended a special interim dividend of \$0.19 per ordinary shares for the financial year ending 31 December 2019 subject to approval by the shareholders at the Annual General Meeting.

THE CAPITAL REDUCTION AND CASH DISTRIBUTION, AND CHANGE OF NAME

On 26 Feb 2019, the Company announced that, subject to the approval of the shareholders of the Company at an EGM to be convened, it is proposed that:

- (a) The Company undertakes a capital reduction exercise (the "Capital Reduction") pursuant to Section 78A and 78C of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to return to Shareholders surplus capital in excess of the Company's needs, by the way of a cash distribution of approximately **\$0.11 for each ordinary share in the share capital of the Company ("the Share") held by Shareholders** (the "Cash Distribution"); and
- (b) The name of the Company be changed from "Sinwa Limited" to "Winas Limited" (the "Change of name of the Company").

The Cash Distribution amount of \$37,519,000 comprises the issued and paid-up capital in excess of the immediate requirements of the Company, assuming that the sale proceeds of \$8,600,000 from the Australian Properties Sale (as defined below) are received by end April 2019.

EXECUTIVE CHAIRMAN'S MESSAGE

As at the date of the above announcement, the Company have an issued and paid-up share capital of \$41,002,000. Upon the completion of the Capital Reduction and Cash Distribution, the Company will have an issued and paid-up share capital of \$3,483,000. The cash balance in the Company before and after the Capital Reduction and Cash Distribution is expected to be \$41,811,000 and \$4,292,000 respectively.

WE DID IT – TOGETHER!

Listed in 2003, it has been quite a ride. We survived SARS, the 2007/08 Global Financial Crisis, two shipping recessions, and we are still in the grip of the worst ever downturn of the oil & gas industry. Over these past 16 years, and in spite of the challenging circumstances, I believe the Company have performed creditably, and lived up to our loyal shareholders' expectations, with a net distribution of 30 cents per ordinary share, and still retaining a residual value of approximately 1.19 cents per ordinary share in the Company.

To our shareholders, we thank you for your past unwavering support and trust in the Company and we hope to continue to have your continued support as we now evaluate opportunities ahead, which may eventually result in a reverse turnover.

And, most important of all, I want to thank my loyal, dedicated and reliable management team who have steadfastly stayed the course with me all these years, and all other management and staff of SINWA who have contributed towards the success of the Company.

To them, and to all my SINWA comrades, as you now move on with the new SINWA, I wish you continued success, and a great future ahead. May fair winds and calm seas be with you.

Yours Truly,

Mike Sim
Executive Chairman
SINWA LIMITED

BOARD OF DIRECTORS

SIM YONG TENG

Executive Director and Executive Chairman

Mr. Sim was re-appointed as Executive Chairman of the Group on 8 January 2016. He brings with him more than 50 years of marketing and corporate management expertise, of which 32 years are in the ship supply and logistics industry.

He is instrumental in charting the corporate direction of the Group as well as formulating business strategies in the past 32 years.

Through his leadership and vision, he has established Sinwa as a leading regional marine, offshore supply and logistics company with a network of companies in Singapore, Australia, China and Thailand.

Mr Sim was President of Singapore Association of Ship Suppliers (SASS) from 1994 to 1998, and from 2002 to 2003, and was the first Asian to be elected to the Executive Board of the International Ship Suppliers Association as Executive Vice President from 1996 to 1998. He was also the Chairman of the School Advisory Committee, Commonwealth Secondary School from 1987 to 1996.

YEO NAI MENG

Independent Director

Mr Yeo is an Independent Director and the Chairman of both the Nominating Committee and the Remuneration Committee. He is also a member of the Audit Committee.

Mr Yeo is currently the owner of GPS System. He is also the Principal Consultant in Strategic Planning Services.

He has 47 years of working experience in Engineering, Tourism and Travel Industry and Information Technology.

An engineer by training, he has a wealth of experience in the areas of Operations Management, Marketing and Strategic Planning. He presently devotes his time to development of Internet Marketing systems and consulting on Tourism Development and Team Building Training.

HENG LEE SENG

Independent Director

Mr Heng is an Independent Director and Chairman of the Audit Committee, member of the Nominating and Remuneration committees. He is also an independent director of some other listed companies.

Mr Heng is a partner of Heng Lee Seng LLP, Public Accountants and Chartered Accountants, Singapore since 1974. He is a member of CPA Australia, Association of Chartered Certified Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Singapore Institute of Directors.

He is a holder of the designation of CGMA (Chartered Global Management Accountant).

TAN LAY LING

Non-Executive Director

Ms Tan was appointed as Executive Director of the Group in year 2002 and was re-designated as Chief Operating Officer on 8 January 2016. She was re-designated to Non-Executive Director on 1 February 2019.

Ms Tan is directly responsible for overseeing the day to day operations of the Singapore's companies.

She has more than 22 years' experience in this industry having served in different capacities during her tenure with the Group from IT Administrator to Operations Director.

Her past working experience included 6 years' service in the Ministry of Defence (MINDEF) as a military officer involved in logistics management and procurement of specialized training equipment.

Ms Tan obtained her Bachelor of Science (Computer Science) degree and Masters in Business Administration (MBA) from Oregon State University, USA.

CORPORATE SOCIAL RESPONSIBILITY

We continue to contribute to the sustainable development of socioeconomic benefits for all stakeholders in our community. We advocate the contribution towards CSR values throughout our operations and continue to encourage meaningful initiatives that matter to the community.

OCCUPATIONAL HEALTH AND SAFETY

We are always looking to improve health and safety standards in order to minimise the risk of accidents, injuries and illness to our employees as well as people we work with.

Our operations are closely monitored and reviewed by our appointed safety officers, who ensure all employees comply to the codes of practice and safety procedures they have set out. Our emphasis on promoting workers' health and improving occupational safety has resulted in low numbers of accidents in our workplace and we will continue to uphold our mandate to target zero injuries and fatalities amongst our workforce.

COMMUNITY ENGAGEMENT

We are mindful that our successes are tied to the prosperity of Singapore and her ports. We believe in giving back to the community as much as we can. Since 2011, we have partnered with Bizlink Centre, a Non-Profit Organisation that provides employment services for disadvantaged people. We engaged Bizlink Centre for data entry works on a regular basis and remain until this day satisfied with their services.

Bizlink Centre was in 1985 entrusted by then Ministry of Community Development and Singapore Council of Social Service to implement employment aid programmes. We assent to their mission statement, "To reach out to people with disabilities in Singapore and to assist them in achieving independence, dignity and integration into mainstream society through open and sheltered employment" and are proud to be associated with their quest. Sinwa will continue to seek ways to participate in meaningful initiatives in making positive differences to the community.

CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) and Management of Sinwa Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), are committed to set in place good corporate governance practices to provide the structure through which the objectives of protecting the shareholders’ interests and enhancing long term shareholders’ value are met. This commitment and continuous support of the Code of Corporate Governance 2012 issued on 2 May 2012 (the “**Code**”) can be seen from the efforts of the Board and Management to promote and to maintain values which emphasise transparency, accountability, integrity and proper conduct at all times in the business operations and dealings of the Company whilst pursuing sustainable growth and enhancement of corporate performance so as to create value for its stakeholders and safeguard the Company’s assets.

This report describes the practices the Company has undertaken with respect to each of the principles and guidelines and the extent of its compliance with the Code and should be read as a whole, instead of being read separately under the different principles of the Code. The Company has complied in all material aspects with the principles and guidelines set out in the Code and any deviations are explained in this report.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the “**2018 Code**”) and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to annual reports covering financial years commencing from 1 January 2019. The Group will review and set out the corporate practices in place to comply with the 2018 Code, where appropriate, in the next Annual Report.

BOARD MATTERS

The Board’s Conduct of its Affairs

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

During the financial year ended 31 December 2018 (“**FY 2018**”) under review, the Company was headed by an effective Board comprising six (6) Directors of whom four (3) are Executive Directors and three (3) are Independent Directors. Their combined wealth and diversity of skills, experience, gender and knowledge of the Company enable them to contribute effectively to the strategic growth and governance of the Group. The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for shareholders. During FY 2018 under Review, the following Board of Directors supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group.

Sim Yong Teng	Executive Chairman and Executive Director
Bruce William Rann ¹	Chief Executive Director (“ CEO ”) and Executive Director
Tan Lay Ling ²	Chief Operating Officer (“ COO ”) and Executive Director
Heng Lee Seng	Independent Director
Yeo Nai Meng	Independent Director
Chng Loy Teoh Patrick ³	Independent Director

¹ Re-designated from CEO of the Group to Managing Director (“**MD**”) of Sinwa Australia Pty Limited (“**Sinwa Australia**”) on 1 July 2018. Resigned as Executive Director on 1 February 2019 following the completion of the disposal of the Company’s subsidiaries as defined in the Circular dated 7 January 2019.

² Re-designated from Executive Director to Non-Executive Director on 1 February 2019 following the completion of the disposal of the Company’s subsidiaries as defined in the Circular dated 7 January 2019.

³ Resigned as Independent Director on 28 February 2019 following the completion of the disposal of the Company’s subsidiaries as defined in the Circular dated 7 January 2019.

As at the date of this report, the Board comprises of 4 directors, of whom one (1) is Executive Director, (1) is Non-Executive Director and two (2) are Independent Directors.

CORPORATE GOVERNANCE

The principal functions of the Board, apart from its statutory and fiduciary responsibilities, include:

- Setting the Group's values and standards, providing entrepreneurial leadership and setting the overall strategy and direction of the Group, taking into account environmental and social factors as part of its strategic formulation;
- Overseeing the management of the Group's business affairs, financial controls, performances and resource allocation;
- Approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies;
- Establishing a framework of prudent and effective controls and overseeing the processes of risk management, financial reporting and compliance, evaluating the adequacy of internal controls and safeguarding the shareholders' interests and the Group's assets;
- Approving the release of the Group's quarterly and full-year financial results, related party transactions of material nature and submission of the relevant checklists to the Singapore Exchange Securities Trading Limited ("**SGX-ST**");
- Appointing directors and key management staff, including the review of their performances and remuneration packages;
- Reviewing and endorsing corporate policies in keeping with good corporate governance and business practice;
- Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and
- Setting the Company's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The following matters require Board's approval:

- Approval of quarterly and full year results announcements for release to the SGX-ST;
- Approval of annual reports and audited financial statements;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets;
- Approval of major investment and funding decisions;
- Issuance of shares or declaration of dividends;
- Approval of interested persons' transactions;
- Appointment of new Directors; and
- Approval of announcements or press release concerning the Group for release to the SGX-ST.

CORPORATE GOVERNANCE

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day-to-day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

The schedules of the Board and Board Committee meetings are given to all Directors well in advance. The Board meets regularly on a quarterly basis. Besides the scheduled quarterly Board meetings, the Board also meets on an ad-hoc basis as warranted by circumstances. Board meetings will be convened as and when required to address any significant matters that may arise. The Company's Constitution (the "**Constitution**") provides for meetings of the Directors to be held by means of telephone conference or other methods of simultaneous communication via electronic or telegraphic means. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transactions.

The agendas for meetings are prepared in consultation with the Executive Chairman and/or the Chairman of the Board Committees. The agendas and meeting materials are circulated in advance of the scheduled meetings to the members of the Board and Board Committees.

During FY 2018 under review, the number of Board meetings held and the attendance of each Board member are set out as follows:

Name of Director	Number of Board Meetings held	Attendance
Sim Yong Teng (Executive Chairman of the Board)	7	7
Tan Lay Ling ²	7	7
Bruce William Rann ¹	7	5
Heng Lee Seng	7	7
Yeo Nai Meng	7	7
Chng Loy Teoh Patrick ³	7	7

¹ Re-designated from CEO of the Group to MD of Sinwa Australia on 1 July 2018. Resigned as Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

² Re-designated from Executive Director to Non-Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

³ Resigned as Independent Director on 28 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

The Directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, the Company believes that each individual Director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board Committees meetings.

To enable the Board to fulfil its responsibilities, Management provides the Board with a management report containing complete, adequate and timely information prior to Board meetings. The Directors, whether as a Group or individually, have the opportunity to meet with the Management to gain a better understanding of the Company's business operations.

To assist the Board in the execution of its responsibilities, the following Committees were established:

1. Nominating Committee ("**NC**")
2. Remuneration Committee ("**RC**")
3. Audit Committee ("**AC**")
4. Risk Management Committee ("**RMC**")

(Collectively "the **Board Committees**")

CORPORATE GOVERNANCE

These Committees, which operate within clearly defined terms of reference, play an important role in ensuring good corporate governance in the Company and within the Group. These terms of reference are reviewed on a regular basis to ensure their continued relevance and to enhance the effectiveness of these Board Committees. The minutes of all Board and Board Committees meetings provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meeting, are circulated and available to the Board and Board Committees.

Directors receive appropriate induction training and coaching to develop individual skills as required. The Group provides extensive background information about its history, mission and values to its Directors. The Company also provides ongoing education on Board processes and best practices.

The Company will prepare appointment letters setting out Directors' duties and obligations. Newly appointed directors are also informed about matters such as the Code of Dealing in the Company's shares. Changes to regulations and accounting standards are monitored closely by Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that affect the Company and/ or the directors in discharging their duties effectively.

The Company has adopted a policy where directors are encouraged to make enquiries on any aspects of the Company's operations or business issues from the Management. The Chairman, COO or the Company Secretary will make the necessary arrangements for the briefings, informal discussions or explanations as and when required.

Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the business operations.

The Board as a whole is updated regularly on corporate governance, insider trading (if any) and key changes to the relevant regulatory requirements and financial standards, so as to enable them to properly discharge their duties as Board or Board Committee members. In addition, the Directors are encouraged to attend appropriate or relevant courses, conference and seminars conducted by professional organisations, which may be funded by the Company.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA"), which are relevant to the Directors are circulated to the Board. The Company Secretary also informs the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. The external auditors would update the AC and the Board on new and revised financial reporting standards annually.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

During FY 2018 under review, the Board comprises six (6) Directors, three (3) of whom Mr Heng Lee Seng, Mr Yeo Nai Meng and Mr Chng Loy Teoh Patrick are independent. As at the date of this report, the Board comprises four (4) Directors, two (2) of whom Mr Heng Lee Seng and Mr Yeo Nai Meng are independent. The Board has adopted the Code's criteria of an Independent Director in its review and is of the view that all Independent Directors have satisfied the criteria of independence. The Board considers a Director as "independent" if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement in conducting the affairs of the Group.

CORPORATE GOVERNANCE

In line with Guideline 2.2(a) of the Code, the independent directors of the Company make up half of the Board. The independence of each director is reviewed annually by the NC in accordance with the Code's definition of independence. Each independent director is required to complete a 'Confirmation of Independence' form to confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 in the Code and the Guidebook for Audit Committees in Singapore issued by the Audit Committee Guidance Committee, requires each director to assess whether he considers himself independent despite not having any of the relationships defined in the Code. The NC has reviewed the forms completed by each independent director and is satisfied that the independent directors are independent of the Company's management as contemplated by the Code. Although the Chairman is not an independent director, the Board considers that there is considerable accountability and transparency within the Group. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board. The decisions are based on collective decisions without any individual or small group of individuals influencing or dominating the decision making process.

The Board is available to shareholders where they have concerns and for which contact through the normal channels of chairman or the CEO has failed to resolve or is inappropriate. For reason as stated above, the Board is of the view that it is not necessary to appoint any lead Independent Director.

In line with Guideline 2.4 of the Code, the Company with the recommendation of NC has engaged RHTLawTaylor Wessing, as independent professional consultant (the "**Consultant**") to conduct rigorous reviews in 2018 on the independence of Mr Heng Lee Seng (appointed on 3 January 2003) and Mr Yeo Nai Meng (appointed on 19 April 2005) who have served the Board beyond nine (9) years ("**Independent Evaluation**"). As there was no change since the last review, the members of NC were satisfied and unanimously agreed and confirm that Mr Heng and Mr Yeo are considered independent. The relevant factors taken into consideration of the independence of Mr Heng Lee Seng and Mr Yeo Nai Meng are set out under Principle 4 on page 12. Mr Heng and Mr Yeo have abstained from voting on any resolutions related to their independence and re-election.

The Board comprises of Directors who possess the core competencies, experience and knowledge in business, finance, legal, audit, accounting, tax matters, industry knowledge and management skills critical to the Group's business and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The size and composition of the Board are reviewed from time to time by the NC, with a view to determine the impact of its number upon effectiveness. The NC decides on what it considers an appropriate size for itself taking into account the scope and nature of the Company's operations, the requirements of the business and the need to avoid undue disruptions from the changes to the composition of the Board and Board Committees. The composition of the Board will be reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position.

Non-executive and independent members of the Board exercise no management functions but have equal responsibility for the performance of the Group, the role of the Non-Executive and Independent Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Non-Executive and Independent Directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Directors' Statement. When necessary, The Non-Executive and Independent Directors meet regularly amongst themselves and with the Company's auditors, without the presence of Management, to discuss and facilitate a more effective check on Management. The Non-Executive and Independent Directors participate actively during Board meetings. The Company has benefited from Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees.

After the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019, the Company became a cash company as defined under Listing Rules 1018. The Board is of the opinion that the current composition of four (4) Directors is sufficient to serve the current needs of the Company.

To-date, none of the Independent Directors of the Company has been appointed as Director of the Company's principal subsidiaries.

Chairman and Chief Executive Officer

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

There is a distinct separation of responsibilities between the Chairman and Chief Executive Officer ("CEO") which ensures that there is an appropriate balance of power and authority, increased accountability and greater capacity of the Board in terms of independent decision making. During FY 2018 under review, Mr Bruce Willian Rann was the CEO up to 30 June 2018. He was re-designated from CEO of the Group to MD of Sinwa Australia on 1 July 2018.

Mr Sim Yong Teng is the Executive Chairman of the Company. As the Executive Chairman, Mr Sim Yong Teng leads the Board and is responsible for the effective working of the Board, including:–

- the business direction and development of the Group;
- ensuring that the Directors receive complete, adequate and timely information between the Board, Management and shareholders of the Company;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of Non-Executive Directors;
- setting the agenda with the assistance of the Company Secretary, scheduling Board meetings (with the assistance of the Company Secretary) as and when required and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring and fostering constructive and effective communication with shareholders; and
- promoting high standards of corporate governance practices with full support from the directors and Management.

Although the Executive Chairman of the Company is an Executive Director and part of management team, major decisions are made in consultation with the Board, where half of the Board comprises independent directors. The Board is of the opinion that the process of decision making by the Board has a strong independent element and provides for collective decisions without any individual or small group of individuals dominating the Board's decision making.

All major decisions made by the Board are subject to majority approval of the Board. The Executive Chairman and CEO's performance and appointment to the Board are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. The Board therefore believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance.

After the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019, the Company became a cash company, the Board is of the opinion that it is not appropriate to consider appointing a CEO until the Company has identified an asset/business to acquire.

CORPORATE GOVERNANCE

Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new Directors to the Board.

During FY 2018 under review, the Board established the NC which consisted of the Executive Chairman, Mr Sim Yong Teng and three (3) Independent Directors, Mr Yeo Nai Meng, Mr Heng Lee Seng and Mr Chng Loy Teoh Patrick, with Mr Yeo Nai Meng chairing the NC. As at the date of this report, the NC comprises of 3 directors, of whom one (1) is Executive Chairman and two (2) Independent Directors.

The NC Chairman is also an Independent Director who has no relationship with the Company, its related corporations, its 10% shareholders or its officer and is not associated with 10% shareholders, whom could impair his fair judgement. The responsibilities of the NC are, among other things, to evaluate and select the most competent individuals for nomination to the Board, to assess the effectiveness of the Board as a whole, Board Committees and the contribution of each Director to the Board particularly when the Director has multiple board representations and having regard to the director's contribution and performance. Candidates will be selected for their character, judgement, business experience and acumen.

The functions of the NC include the following, *inter alia*:

- reviewing the Board structure, size and composition having regard to the scope and nature of the operations and the core competencies of the directors as a group;
- annually assessing the contribution and the effectiveness of the Board and Board Committees as a whole;
- evaluating the performance of the Board through the establishment of quantifiable performance criteria;
- reviewing and assessing candidates' suitability and make recommendations for appointment to the Board and various Board Committees;
- reviewing and make recommendations on all re-nomination/re-election;
- reviewing the independence of the Directors on an annual basis;
- deciding whether a Director is able to and has been adequately carrying out his or her duties as a Director of the Company, notwithstanding that the director has multiple board representations, based on internal control guidelines such as attendance, contactability and responsiveness;
- reviewing the board succession plans for Directors and CEO;
- development of a process for evaluation of the performance of the Board and its Board Committees; and
- assessing the needs for Directors' training and review the training and professional development programs conducted for the Board.

The NC has the objective of searching for talent and expertise to enrich the Board and to strengthen the Management in the Group. Accordingly, the NC is charged with the responsibility of identifying, selecting and recommending candidates for Board memberships and key executive management positions. The NC is regulated by its term of references which is in accordance with the guidelines recommended in the Code.

CORPORATE GOVERNANCE

The number of NC meetings held and the attendance of each member at the meetings during FY2018 are set out as follows:

Name of Director	Appointment	Number of meetings held	Attendance
Yeo Nai Meng (Chairman)	Independent	1	1
Heng Lee Seng	Independent	1	1
Chng Loy Teoh Patrick ¹	Independent	1	1
Sim Yong Teng	Executive Chairman	1	1

¹ Resigned as Independent Director on 28 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

The NC has also adopted internal guidelines addressing the commitments that are faced when Directors serve on multiple boards. Currently, the NC and Board do not limit the maximum number of listed Board representations which any Director may hold as long as each of the Board members is able to commit his time and attention to the affairs of the Company. The NC and Board believe that each individual director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a Director of the Company, bearing in mind his other commitments. The NC and Board will review the requirement to determine the maximum number of listed Board representations as and when it deems fit. For the current financial year, the Board is satisfied that each Director has allocated sufficient time and resources to the affairs of the Company. Currently, the Company does not have any Alternate Director.

All Directors, including the CEO, submit themselves for re-nomination and re-election at regular intervals of at least once every three years. As provided in the Company's Constitution (Regulations 108 and 119), one-third, or the nearest one-third, of the Directors (other than the Managing Director) is required to submit himself for re-nomination and re-election at least once every three years by rotation and all newly appointed Directors elected by Directors will have to retire at the next annual general meeting ("AGM") following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the directors as necessary.

The dates of initial appointment and last re-election of each director are set out as below:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director
Sim Yong Teng	Executive Chairman	8 January 2016	25 April 2018
Tan Lay Ling ¹	Non-Executive Director	30 July 2002	25 April 2016
Bruce William Rann ²	Executive Director	18 June 2007	25 April 2017
Heng Lee Seng	Independent Director	3 January 2003	25 April 2017
Yeo Nai Meng	Independent Director	19 April 2005	25 April 2018
Chng Loy Teoh Patrick ³	Independent Director	25 April 2017	25 April 2018

¹ Re-designated from Executive Director to Non-Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

² Resigned as Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

³ Resigned as Independent Director on 28 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

CORPORATE GOVERNANCE

Each member of the NC have abstained making any recommendations and/or participating in any deliberation of the NC and from voting on any resolutions in respect of the assessment of their respective performance, independence or re-nomination as a director.

Particulars of interests of Directors who held office at the end of the financial year in shares, share options and warrants in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Statement.

The NC is also responsible for determining annually, the independence of Directors. The NC takes into account the circumstances set forth in Guidelines 2.3 and 2.4 the Code and any other salient factors. In considering the independence of Directors who have served the Board beyond nine (9) years, the Board and the NC has taken into consideration of the following factors:

- Experience and wealth of knowledge of the Independent Directors bring to the Company.
- Attendance and participation in discussion and decision making process of the Board and Board Committees' Meetings.
- Constructive suggestions provided by the Independent Directors to assist the Board and Management in resolving business and operational issues.
- Qualification and expertise of the Independent Directors provide reasonable checks and balances for Management to act as safeguard for the protection of Company's assets and shareholders' interest.
- The Independent Directors have provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company.
- The Independent Directors provide overall guidance to Management.

In view of this regard, the NC with the concurrence of the Board, having rigorously reviewed and considered that Mr Heng Lee Seng and Mr Yeo Nai Meng remain independent as there was no change since the last review performed in 2018, They abstain from voting on any resolution where it relates to their respective re-appointments.

The NC has recommended and the Board has approved the re-election of Ms Tan Lay Ling and Mr Heng Lee Seng, who are retiring at the forthcoming AGM. Details of the Directors seeking for re-election are found in Table A set out on page 29 to page 32 of this Annual Report. Each member of the NC and the Board shall abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the NC and the Board in respect of his re-nomination as a director.

The key information of the Directors, such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three (3) years in other listed companies and other major appointments, whether the appointment is executive or non-executive are disclosed in the section on particular of directors pursuant to the Code set out on page 28 of the Annual Report.

Board Performance

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

The Board ensures compliance with applicable laws and Board members act in good faith, with due diligence and care and in the best interests of the Company and its shareholders.

The financial indicators set out in the Code as guides for evaluating Directors are, in the Company's opinion, more of a measure of Management's performance and, hence, are less applicable to Directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the long-term wealth and value creation of the Company.

In line with the Code, the NC had formulated, and the Board has implemented, new evaluation procedures and the new performance criteria for the assessment of the Board's performance as whole and its Board Committees. The performance criteria include, but are not limited to, financial targets, the contribution by directors, their expertise, their sense of independence and their industry knowledge. The implemented performance criteria approved by the Board is comparable against industry peers and to enhance long-term shareholder value as this encourages constructive feedback from the Board and leads to an enhancement of its performance over time.

It had conducted a Board performance evaluation for FY 2018 together with the performance evaluation of AC, RC and NC. Renewals or replacement of Board members do not necessarily reflect their contributions to-date but may be driven by the need to position and shape the Board in line with the needs of the Company and its businesses. Although the Directors are not evaluated individually, the factors taken into considerations for the re-nomination of the Directors are based on the Director's integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and condour) and any other factors as may be determined by the NC.

Access to Information

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

In order to ensure that the Board is able to fulfil its responsibilities, the Management is required to provide complete, adequate and timely information to the Board on Group affairs and matters that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group to enable the Board to make informed decisions. Where a physical Board meeting is not possible, timely communication with Board members is effected through electronic mail and teleconferencing.

Periodic financial reports and operational updates, budgets, forecasts, material variance reports, disclosure documents, board papers and any other related materials are also provided to the Board, and where appropriate, prior to the Board meeting to enable the Board and Board committee members to be properly informed of matters to be discussed and/or approved. Any requests by Directors for further explanation, briefing on any aspect of the Group's operations or business are met in a timely manner.

The Board has separate and independent access to the Management team, as well as to all Board and Board Committee minutes, resolutions and information. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

The Board has independent access to the Company Secretary, whom provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST and advises the Board on all governance matters. Under the direction of the Chairman, the Company Secretary or his/her representatives ensure good information flows within the Board and its Board Committees and between Management and Non-Executive Directors. The Company Secretary or his/her representatives also attend all the Board and Board Committee meetings and assists the Chairman of the Board and Board Committees in ensuring that the relevant procedures are followed and reviewed such that the Board and Board Committees function effectively. The decision to appoint or remove the Company Secretary is a decision made by the Board as a whole.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

During FY 2018 under review, the RC comprises of three (3) independent Directors, Mr Heng Lee Seng, Mr Yeo Nai Meng and Mr Chng Loy Teoh Patrick, with Mr Yeo Nai Meng chairing the RC. As at the date of this report, the RC comprises of 3 directors, of whom one (1) is Non-Executive Director and two (2) Independent Directors. In discharging their duties, the RC members have access to advice from the internal human resources personnel. The RC has also access to expert advice in the field of executive compensation outside the Company where required.

The RC is regulated by its terms of reference and its key functions include, *inter alia*:

- Reviewing and recommending to the Board a framework of remuneration and specific remuneration packages for all Directors and key management personnel of the Company;
- Reviewing the service agreements of the Executive Directors and key management personnel of the Company;
- Reviewing and enhancing the compensation structure with incentive performance base for key executives;
- Overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and Directors through competitive compensation and progressive policies; and
- Administering incentive schemes which may be set up and/or adopted by the Company from time to time.

The number of RC meeting held and the attendance of each member at the meetings during FY 2018 are set out as follows:

Name of Director	Appointment	Number of meetings held	Attendance
Yeo Nai Meng (Chairman)	Independent	1	1
Heng Lee Seng	Independent	1	1
Chng Loy Teoh Patrick (<i>resigned as member on 28 February 2019</i>)	Independent	1	1

The Group's remuneration policy aims to provide compensation packages which reward successful performance and to attract, retain and motivate Directors and key management executives and avoids rewarding poor performance.

The RC recommends, in consultation with the Executive Chairman, a framework of remuneration policy for key management personnel and Directors serving on the Board and Board Committees, and determines specifically the remuneration package for each Director of the Company. The RC review of remuneration packages takes into consideration the long term interest of the Group and ensures that the interest of the Directors align with that of the shareholders. The review covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share options performance shares and benefits in kind. In addition, the RC also reviews the remuneration package of the key management personnel, where appropriate and necessary. The RC ensures that the remuneration packages for the Executive Directors and senior management are fair and not overly generous.

The RC's recommendations are submitted to the entire Board for approval. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual Directors and key management personnel.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. Currently, the RC, in considering the remuneration of all Directors, has neither sought external advice nor appointed remuneration consultants.

The Company currently has no employee share option schemes or other long-term incentive scheme in place as the Company will explore suitable incentive plan/scheme as and when it deems necessary.

Level and Mix of Remuneration

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

The Group's remuneration policy sets out to provide compensation packages appropriate to attract, retain and motivate Directors and key management personnel required to manage the Group effectively.

In setting remuneration packages, the Company takes into consideration of the remuneration packages and employment conditions within the industry and in comparable companies as well as the Company's relative performance and the performance of individual Directors.

The Independent Directors are paid Directors' fees taking into accounts factors including but not limited to effort and time spent, contribution, and responsibilities of the Directors. Independent Directors should not be over-compensated to the extent that their independence may be compromised and no Director is involved in deciding his own remuneration. The Directors' fees are recommended by the RC and submitted to the Board for endorsement. Directors' fees are recommended by the Board for approval at the Company's AGM. To facilitate timely payment of Directors' fees are paid in advance on a quarterly basis for the current financial year in which the fees are incurred.

During FY 2018, the Executive Directors do not receive Directors' fees. The remunerations for the Executive Directors are tied to the performance of the Group. The service contracts of the Executive Directors are subject to review by the RC. The service contracts of the Executive Chairman, CEO and Executive Director provide for termination by either party (i.e. (1) the Executive Chairman, CEO and/or Executive Directors or (2) the Company) giving to the other not less than twelve (12) and six (6) months respectively, written notice. During FY 2018, the RC has reviewed and renewed the service contract of the Executive Chairman for another 3 years from FY 2018. The remuneration of the top key management personnel have already been reviewed prior to the release of the FY 2018 annual report and no reviews are expected until the financial year ending 31 December 2019.

During FY 2018, the RC conducted an annual review of Directors' compensation to ensure that the remuneration of the Executive Directors and the key management personnel are commensurate with their responsibilities, skills, expertise and contribution to the Group without compromising the financial health of the Group. Having reviewed and considered the variable components of remuneration of the Executive Directors and key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Group.

CORPORATE GOVERNANCE

Disclosure on Remuneration

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

The breakdowns of the remuneration of the Directors of the Company and the top 5 key management personnel of the Group for the FY 2018 are set out below:

	Salary (%)	Bonus (%)	Allowances and benefits (%)	Director's Fees (%)	Total (%)
A. Directors of the Company					
<u>From S\$1,000,000 to S\$1,500,000</u>					
Sim Yong Teng	72	28	–	–	100
<u>From S\$250,000 to S\$750,000</u>					
Tan Lay Ling (COO) ²	60	37	3	–	100
Bruce William Rann (CEO) ¹	64	17	19	–	100
<u>Below S\$250,000</u>					
Heng Lee Seng	–	–	–	100	100
Yeo Nai Meng	–	–	–	100	100
Chng Loy Teoh Patrick ³	–	–	–	100	100
B. Top 5 Key Management Personnel of the Group					
<u>From S\$250,000 to S\$500,000</u>					
Richard Ang	66	30	4	–	100
Alexander M. Van Zuylen	81	14	5	–	100
Bettina Tan Leh Hong	66	34	–	–	100
<u>Below S\$250,000</u>					
Patrice Robustelli	71	29	–	–	100
Elvin Law	80	20	–	–	100

¹ Resigned as Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

² Re-designated from Executive Director to Non-Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

³ Resigned as Independent Director on 28 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

The aggregate total remuneration paid to the top five (5) key management personnel (who are not directors or the CEO) for FY 2018 is approximately S\$1,340,000.

The Board believes that it is for the benefit of the Company and the Group that the remuneration of Directors be kept confidential due to its sensitive nature.

Remuneration of employee related to Director

As at 31 December 2018, we have employees who are related to the Executive Directors of the Company whose remuneration exceeded S\$50,000:

	Salary (%)	Bonus (%)	Allowances and benefits (%)	Director's Fees (%)	Total (%)
A. Employee who are family members of a Director or CEO					
From S\$250,000 to S\$500,000					
Bettina Tan Leh Hong	66	34	–	–	100
From S\$100,000 to S\$250,000					
Andy Tan Beng Kiat	74	17	9	–	100

Ms Bettina Tan Leh Hong and Mr Andy Tan Beng Kiat are siblings of Ms Tan Lay Ling, the Non-Executive Director of the Company. The basis of determining the remuneration of related employee is the same as the basis of determining of other unrelated employees.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 30 April 2019 for the payment of directors' fees proposed in advance for the financial year ending 31 December 2019 amounting to an aggregate of S\$78,000.

No termination, retirement and post-employment or other long-term incentives have been granted to the directors or key management personnel during the financial year ended 31 December 2018.

ACCOUNTABILITY AND AUDIT

Accountability

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

The Board recognises it has a responsibility to the shareholders to present a balanced and comprehensible assessment of the Group's financial position, performance and progress, including the prospects of the Group in presenting the annual audited financial statements and full-year and quarterly results announcements.

The Board ensures that the Management maintains a sound system of internal control to protect shareholders' interests and the Group's assets. Management provides the Executive Directors with management accounts of the Group's performance on monthly basis and Independent Directors on quarterly basis prior to Board meetings and as and when necessary. The Directors also have separate and independent access to all levels of key management personnel in the Group.

Besides that, in line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect to the interim financial statements. For the financial year under review, the Executive Director and Financial Controller have provided assurance to the Board on integrity of the Group's financial statements.

All the Directors and executive officers of the Company also signed undertakings letter pursuant to the amended Rule 720(1) of the Listing Manual of SGX-ST.

CORPORATE GOVERNANCE

Risk Management and Internal Controls

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

The Board is responsible for the overall risk management and internal control framework, but acknowledges that no cost-effective and adequate risk management and internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial reporting, operational, compliance and information technology controls and risk management systems. The objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there is proper maintenance of accounting records, financial information is reliable and assets are safeguarded.

The Group has put in place a Risk Management Committee ("**RMC**") comprising the members of the AC and members of the Executive Committee to assist the Board in overseeing the risk governance and risk management of the Group. As the RMC is sub-committee of AC and therefore is regulated by AC's terms of reference. Together with the AC, the RMC helps to ensure that Management maintains a sound system of risk management and internal controls to safeguard the interests of shareholders and the assets of the Group. During FY 2018, the RMC has met up once to discuss and define the role of each members of the RMC and for the members to feedback and follow up on the status of the key risks faced by the Group. The meeting of RMC is attended not only by the members but also Management and it serves as a forum to review and discuss material risks and exposures of the Group's business and the strategy to mitigate risks in general.

A Risk Assessment Questionnaire ("**RAQ**") has been implemented by the RMC to identify, prioritise, assess, manage and monitor key risks. The RAQ is a tool to assess whether the Group has effective control activities in place to address the key risks identified by the RMC. The RAQ covers, *inter alia*, financial, operational (including information technology), and compliance risks faced by the Group.

To ensure that internal controls and risk management processes are adequate and effective, the Board and AC have accessed to independent professional service providers. The assistance of the internal auditors together with the implemented RAQ and the report from the RMC, enable the Board and AC to carry out assessments of the effectiveness of key internal controls during the year.

Any material non-compliance or weaknesses in internal controls or recommendations from the internal and external auditors to further improve the internal controls will be reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and external auditors.

For FY 2018, the Board has received assurances from the CEO and Financial Controller of the Company that (a) the financial records have been properly maintained and the financial statements are in accordance with the Companies Act and Singapore Financial Reporting Standards and are not false or misleading in any material aspect, and they give a true and fair view of the Group's operations and performance; and (b) the Group's risk management and internal control systems are sufficiently effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board also notes that all internal controls systems and risk management policies and procedures established contain inherent limitations and no system of internal controls or risk management could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Based on the various management controls put in place and the reports from the external auditors, reviews by Management, and in the absence of any evidence to the contrary, the Board with the concurrence of the AC is of opinion that the system of internal controls and risk management addressing financial reporting, operational, compliance and information technology controls and risks management systems maintained by the Group during the year are adequate and effective in meeting the needs of the Group, provide reasonable assurance against material financial misstatements or material loss and safeguard the Group's assets.

Audit Committee ("AC")

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

During FY 2018 under the review, The AC comprises of three (3) independent Directors, Mr Heng Lee Seng and Mr Yeo Nai Meng and Mr Patrick Chng Loy Teoh, with Mr Heng Lee Seng chairing the AC, As at the date of this report, the AC comprises of 3 directors, of whom one (1) is Non-Executive Director and two (2) Independent Directors.

The Chairman of the AC, Mr Heng Lee Seng is a chartered accountant ("CA"). He has been a practising CA for more than 40 years. The other members of the AC are appropriately in that they have sufficient accounting and related finance and business management experiences. The Board is of the view that the members of the AC are appropriately qualified in that they have sufficient accounting or related financial management expertise and experiences to discharge the AC's function.

The role of the AC is to assist the Board in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

The AC has scheduled four (4) meetings in this financial year. In accordance with the terms of reference adopted by the AC, the duties and powers of the AC is in accordance with the guidelines recommended in the guidebook by Guidance Committee released in August 2014 and the Code which include, *inter alia*:

- Review independence of external auditors;
- Review and discuss with external auditors the audit plan, their management letter and the Management's response and their independence and objectivity of producing results, including the nature and scope of the audit and its cost effectiveness before the audit commences;
- Review with internal auditors their internal audit plan and evaluation of the adequacy of the Company's internal controls and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report, if applicable;
- Monitor and review the implementation, with the concurrence of Management, of the recommendation in relation to the adequacy of the internal controls and accounting systems addressing financial controls with the external auditors; and the adequacy of the internal controls and accounting systems addressing operational compliance and information technology controls with the internal auditors;
- Review the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern basis, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- Discuss problems and concerns, if any, arising from interim and final audit, and any matters which the auditors may wish to discuss in the absence of Management;

CORPORATE GOVERNANCE

- Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approve the remuneration and term of engagement of the external auditors;
- Review scope of the internal audit programs and outcome of the internal audit;
- Review interested person transactions, falling within the scope of Chapters 9 and 10, to ensure they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders in accordance with the requirements of the SGX-ST Listing Manual;
- Review quarterly, half-yearly and full year financial statements and announcements to shareholders before submission to the Board for release to the SGX-ST;
- Review, implement and administer the Sinwa Group's Whistle-Blower Policy which set out the provisions by which employees and other persons may, in confidence, raise serious concerns about possible incorrect financial reporting or other matters that could have a large impact on the Group and is authorised to do such acts as are necessary to ensure, inter alia, that (i) independent investigations are carried out in an appropriate and timely manner, (ii) appropriate action is taken to correct the weaknesses in internal controls and policies which had allowed such incidences to occur and to prevent a recurrence and (iii) administrative, disciplinary, civil or other actions that are initiated following the completion of investigations are appropriate balanced and fair; and
- Any other duties that are requested by the Board.

To enable members to perform their role effectively, the AC has the explicit authority to investigate any matter within its terms of reference and has full access to and co-operation by Management. It has the full discretion to invite any Director or Executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly. The AC has, within its terms of reference, the authority to obtain independent professional advice and reasonable resources at the Company's expense to enable it to discharge its functions properly.

The number of AC meetings held and the attendance of each member at the meetings during FY 2018 are set out as follows:

Name of Director	Appointment	Number of meetings held	Attendance
Heng Lee Seng (Chairman)	Independent	4	4
Yeo Nai Meng	Independent	4	4
Chng Loy Teoh Patrick ³	Independent	4	4
Sim Yong Teng	Executive Chairman	4	4 [#]
Tan Lay Ling ²	COO and Executive Director	4	4 [#]
Bruce William Rann ¹	CEO and Executive Director	4	3 [#]

¹ Resigned as Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries and as defined in the Circular dated 7 January 2019.

² Re-designated from Executive Director to Non-Executive Director on 1 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

³ Resigned as Independent Director on 28 February 2019 following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019.

[#] By invitation

Where, by virtue of any vacancy in the membership of the AC for any reason, the number of members is reduced to less than three (3), the Board shall, within three (3) months thereafter, appoint such number of new members to the AC. The AC meets at least four (4) times a year and as and when necessary.

CORPORATE GOVERNANCE

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters when there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

Each member of the AC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the AC in respect of matters in which he is interested.

Annually, the AC meets with the internal and external auditors separately without the presence of the Management to review any matter that might be raised. For the financial year end under review, the AC had also reviewed the non-audit services provided by the external auditors, which comprise tax advisory services and was satisfied to the extent that such services would not prejudice the independence and objectivity of the external auditors. The fees that were charged to the Group by the external auditors for audit and non-audit services were S\$175,890 and S\$4,000 for FY 2018.

The AC has undertaken a review of the services, scope, independence and objectivity of the external auditors, Messrs Mazars LLP. The external auditors of the Company has confirmed that they are a Public and Chartered Accounting Firm registered with Accounting & Corporate Regulatory Authority ("**ACRA**") and provided a confirmation of their independence to the AC. Having assessed the external auditors based on factors, such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rule 712(2)(a) of the Listing Manual of the SGX-ST has been complied with. In this regard, the AC recommends to the Board the nomination of Messrs Mazars LLP for re-appointment as the external auditor at the forthcoming AGM.

The AC and Board of the Company have confirmed that in appointing the auditing firms for the Company, subsidiaries and significant associated companies, the Company has complied with SGX-ST Listing Rules 712 and 715.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the audit quality indicators ("**AQIs**") set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

In addition, in October 2015, with the support from SGX and Singapore Institute of Directors, ACRA had introduced the AQIs Disclosure Framework to assist the ACs in evaluating the re-appointment of external auditors based on eight (8) quality markers that correlate closely with audit quality. Accordingly, the AC had evaluated the external auditors based on the eight (8) AQIs at engagement and/or firm-level.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditor in their meetings with the AC. No former partner or director of the Company's existing auditing firm has acted as a member of the AC.

With the introduction of the new and revised Auditor Reporting Standards applicable to the audit of financial statements for periods ending on or after 15 December 2016, the external auditors are required to include the Key Audit Matters ("**KAMs**") in the Company's Annual Report. KAM typically include significant risk areas of the financial statements most susceptible to misstatements, involving key judgements and estimates, as well as major transactions that require extensive auditing efforts. In line with the recommendations by SGX, ACRA and Monetary Authority of Singapore to provide greater transparency and enhance the quality of SGX-listed companies' corporate reporting, the AC had discussed and assessed the KAMs presented by the external auditors together with Management. The AC has considered and discussed, together with the external auditors and Management on the approach and methodology applied by the external auditors in relation to the assessment of judgements and estimates on the significant matter reported by the external auditors in the KAMs.

CORPORATE GOVERNANCE

Fraud and Whistle-Blowing Policy

The AC has in consultation with the Board, initiated the implementation of a whistle-blowing policy for all employees including overseas subsidiaries and associates. This policy aims to provide an avenue for employees to raise concerns and provide reassurance that they will be protected from reprisals or victimisation for raising any concerns about incidents of fraud and whistle-blowing in good faith.

The Board noted that no incidents in relation to fraud and whistle-blowing matters have been raised during the year by any staff to indicate possible improprieties in matters of financial reporting, financial control, or any other matters.

Internal Audit

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

Following the completion of the disposal of the Company's subsidiaries as defined in the Circular dated 7 January 2019, the Company became a cash company under Rule 1018 of the SGX-ST Listing Manual. the AC and Board is of the view that the current system of internal controls is in place is adequate for a cash company therefore internal audit would not be required as the moment.

The Company acknowledges the need to establish an internal audit function once it has operating business and would assess the need to resume internal audit once it has identified operating business/asset to acquire.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

In line with the continuous obligations of the Company under SGX-ST Listing Manual and the Companies Act, high standard of transparent corporate disclosure, the Board firmly believes that all the shareholders should be equally and on a timely basis be informed of all major developments which would be likely to materially impact the Group. The Company does not practice selective disclosures as all material and price-sensitive information is released through SGXNet.

All shareholders of the Company will receive the Annual Report together with the notice of AGM by post, published in a newspaper and via SGXNet within the mandatory period. Besides that, all the shareholders also will receive the relevant circular together with the notice of Extraordinary General Meeting ("EGM") by post, published in a newspaper and via SGXNet. Accompanying to the notice of AGM and EGM, a copy of the proxy form is attached for the shareholders, so that the shareholders may appoint maximum up to two (2) proxies to attend, vote and question the Board and Management, for and on behalf of the shareholders whom are not able to attend the general meetings personally.

In view of the above, all the shareholders are given an opportunity to participate effectively and vote at the general meetings.

Communication with Shareholders

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

The Company adopts the practice of providing adequate and timely disclosure of material information to its shareholders. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly financial statements in the format prescribed by SGX-ST announced on SGXNet;
- notices of and explanatory memoranda for AGMs and EGMs;
- shareholders' and analysts' briefing and press releases during releases of the Group's quarterly, half-yearly and full year results;
- press releases on major developments and initiatives undertaken by the Group; and
- disclosures of all major announcements to the SGX-ST.

The Company also communicates through its corporate website <http://www.sinwaglobal.com> provides shareholders with corporate announcements, press releases, annual reports and profile of the Group. In addition, the Company also engaged the services of a public relations firm to assist in communication with its shareholders.

The Company does not have a policy on payment of dividends. The issue of payment of dividends is deliberated by the Board annually having regard to various factors (e.g. Company's profit, cash flow, capital requirements for investment and growth, general business conditions and other factors as the Board deems appropriate).

Conduct of Shareholder Meetings

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

Our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. Notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least fourteen (14) clear calendar days for ordinary resolutions and/or twenty-one (21) clear calendar days for special resolutions before the general meeting. The Board welcomes questions from shareholders who wish to raise issues concerning the Company, either informally or formally before or during the general meeting. Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue. Voting procedures and rules that govern general meetings of shareholders are clearly disclosed to the shareholders during the general meeting.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by the shareholders.

CORPORATE GOVERNANCE

The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary¹ may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his/her vote(s) at the general meeting in person. CPF and SRS Investors who are unable to attend the general meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the general meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the general meeting.

Every matter requiring shareholders' approval is proposed as a separate resolution at the general meeting to address each distinct issue and all the resolutions are put to vote by poll. To promote greater transparency and effective participation, the Company has implemented the system of voting of all its resolutions by electronic polling at its upcoming all its general meetings since the general meetings for the financial year ended 31 December 2015. Results of each resolution put to vote at the general meeting(s) will be announced with the detailed voting results, including the total number and/or percentage of votes cast for or against each resolution tabled in the AGM, were announced immediately at the general meeting(s) and via SGXNet.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution.

The Company Secretary prepares minutes of general meetings incorporating the substantial and relevant comments or queries from shareholders that is relevant to the agenda of the meeting, and responses from the Board and the Management. Such minutes are available to shareholders upon their request.

DEALING IN SECURITIES

In compliance with the Rule 1207(19) of the Listing Manual of the SGX-ST, the Group has adopted a Code of Conduct to provide guidance to Directors and certain officers with regard to dealings in the Company's shares.

In compliance with the SGX-ST Listing Manual, the Company, Directors, Management and officers of the Group are reminded not to deal in shares of the Company during the period commencing two weeks before the announcement of the Group's quarterly results and one month prior to the announcement of the Group's full year results and ending on the date of the announcement of the relevant results or if they are in possession of unpublished material price-sensitive information of the Group, Directors, Management and officers should also not deal in the Company's securities on short-term considerations. Directors and officers are also expected to observe insider trading laws at all times.

INTERESTED PERSON TRANSACTIONS

The Board is mindful of its obligations to comply with Chapter 9 of the SGX-ST Listing Manual in respect of interested person transactions. The AC reviews the interested person transactions as and when they arise and on a quarterly basis to ensure that the relevant disclosure on the transactions are complied with and that all interested person transactions are conducted at arm's length and on normal commercial terms. In addition, where there is a potential conflict of interest, the Board ensures that the Director involved does not participate in discussions and refrains from exercising any influence over other members of the Board.

¹ A Relevant Intermediary is:

- a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE

The aggregate value of interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST) entered into during the financial year are as follows:

Name of Interested Person	Aggregate value of all interested person transaction under the financial year under review (excluding transactions less than \$100,000 and transactions under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Sim Yong Teng	S\$141,000 (Rentals paid to Evenstar (Australia) Pty Ltd.)	Not Applicable

RISK MANAGEMENT

Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle for each business division. Having identified the significant business risks to the achievement of their strategic objectives, each business division is required to document the management and mitigating actions in place and proposed in respect of each significant risk. The significant risk management policies are as disclosed in the Notes to the Financial Statements section of this annual report.

MATERIAL CONTRACTS

Save as disclosed in the Directors' Statement and notes to the financial statement, there are no material contracts of the Company or its subsidiaries involving the interests of any Directors or substantial shareholders subsisting at the end of FY 2018 or have been entered into since the end of the previous financial year.

CORPORATE GOVERNANCE

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed/ Date of Last Re-election	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Mr Sim Yong Teng	GCE A Level	Executive Chairman	Executive Chairman of the Board and Member of the Nominating Committee	8 January 2016 (he was the Executive Chairman from 30 July 2002 to 12 October 2012)/ 25 April 2018	NIL	NIL
Ms Tan Lay Ling	Diploma in Electrical Engineering from Singapore Polytechnic; Bachelor of Science (Computer Science) and Masters in Business Administration from the Oregon State University, USA	Non-Executive Director (re-designated on 1 February 2019)	Member of Audit Committee and Remuneration Committee (appointed on 28 February 2019)	30 July 2002/ 25 April 2016	NIL	NIL
Mr Heng Lee Seng	Member of CPA Australia, Association of Chartered Certified Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Singapore Institute of Directors.	Independent Director	Chairman of the Audit Committee and Member of the Nominating Committee, Remuneration Committee and Risk Management Committee	3 January 2003/ 25 April 2017	Federal Int (2000) Ltd	NIL
Mr Yeo Nai Meng	B. Engineering (Electrical) NUS; Dip. Marketing Management (SIM), BBA	Independent Director	Chairman of Nominating Committee, Remuneration Committee, and Risk Management Committee, and Member of Audit Committee	19 April 2005/ 25 April 2018	NIL	NIL

The details on shareholdings of the directors are disclosed on page 33 of the Annual Report under Directors' Interest in Shares or Debentures section of the Directors' Statement.

CORPORATE GOVERNANCE

TABLE A

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:–

Name of Director	Tan Lay Ling	Heng Lee Seng
Date of appointment	30 July 2002	3 January 2003
Date of last election	25 April 2016	25 April 2017
Age	57	73
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Ms Tan's performance as an Non-Executive Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Heng's performance as an Independent Director of the Company. The Board considers Mr Heng to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director and a member of Audit and Remuneration Committees	Independent Director, Chairman of Audit Committee and a member of Nominating, Remuneration and Risk Management Committees
Professional qualifications	Ms Tan holds a Diploma in Electrical Engineering from Singapore Polytechnic. She also obtained a Bachelor of Science (Computer Science) and Masters in Business Administration from the Oregon State University, USA.	Mr Heng is a member of CPA and holds memberships of Australia, Association of Chartered Certified Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators and Singapore Institute of Directors.
Working experience and occupation(s) during the past 10 years	She has been the Executive Director of the Company for approximately 17 years.	Partner Heng Leng Seng LLP Chartered Accountants, Singapore
Shareholding interest in the listed issuer and its subsidiaries	4,773,500 ordinary shares	525,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes, as disclosed in the page 19 of Annual Report.	None
Conflict of interest (including any competing business)	None	None

CORPORATE GOVERNANCE

Name of Director	Tan Lay Ling	Heng Lee Seng
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships [#] * "Principal Commitments" has the same meaning as defined in the Code [#] These fields are not applicable for announcements pursuant to Listing Rule 704(9)	<u>Past (for the last 5 years)</u> – Nordic International Limited – Same as present below <u>Present</u> Director of Seafirst Marine Services Pte. Ltd., Sinwa (Singapore) Pte Ltd, Sinwa Ship Supply (HK) Pte. Ltd., Sinwa International Pte. Ltd., Sinwa Marine Pte Ltd, Sinwa Marine Services (Dalian) Pte. Ltd., Sinwa Marine Services (Qingdao) Pte. Ltd., Sinwa Marine Services (Tianjin) Pte. Ltd., Sinwa Offshore Pte. Ltd., Sinwa SS Pte. Ltd., Windsor Marine Pte Ltd, SB Barge Pte. Ltd., Sinwa Australia Pty Ltd, Sinwa AIMS Pty Ltd, Sinwa Holdings (Australia) Pty Ltd, Sinwa (Thailand) Ltd., Sinwa SS (HK) Co. Limited and Sinwa Shanghai Ship Supply Pte. Ltd.	<u>Past (for the last 5 years)</u> Same as present below <u>Present</u> Partner of Heng Lee Seng LLP Director and Shareholder of HLS Tax Advisory Services Pte. Ltd. Director of HLS Corporate Services Pte Ltd Director and Shareholder of Federal International (2000) Ltd Director and Shareholder of HLS Risk Advisory Services Pte. Ltd. Director and Shareholder of Safe & Sound Private Limited Shareholder of HLS Human Capital Pte Ltd

The general statutory disclosures of the Directors are as follows :-

	Question	Tan Lay Ling	Heng Lee Seng
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No

CORPORATE GOVERNANCE

	Question	Tan Lay Ling	Heng Lee Seng
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No
(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii)	any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii)	any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv)	any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

CORPORATE GOVERNANCE

	Question	Tan Lay Ling	Heng Lee Seng
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
	Disclosure applicable to the appointment of Director only.		
	Any prior experience as a director of an issuer listed on the Exchange?	No	No
	If yes, please provide details of prior experience.	N/A	N/A
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	She has been the Executive Director of the Company for approximately 17 years.	He has been the Independent Director of the Company for approximately 16 years.

DIRECTORS' STATEMENT

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

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

Sim Yong Teng	(Executive Chairman and Executive Director)
Tan Lay Ling	(Re-designated as Non-Executive Director on 1 February 2019)
Heng Lee Seng	(Independent Director)
Yeo Nai Meng	(Independent Director)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>Shareholdings registered in name of director</u>			<u>Shareholdings in which director is deemed to have an interest</u>		
	<u>At beginning of year</u>	<u>At end of year</u>	<u>At 21.01.19</u>	<u>At beginning of year</u>	<u>At end of year</u>	<u>At 21.01.19</u>
<u>The Company</u>						
<u>Ordinary shares</u>						
Sim Yong Teng	5,952,150	5,952,150	5,952,150	140,147,928	140,147,928	140,147,928
Tan Lay Ling	4,773,500	4,773,500	4,773,500	—	—	—
Bruce William Rann (Resigned on 1 February 2019)	1,664,468	1,664,468	1,664,468	—	—	—
Heng Lee Seng	525,000	525,000	525,000	—	—	—
Chng Loy Teoh, Patrick (Resigned on 28 February 2019)	10,000	10,000	10,000	—	—	—

By virtue of Section 7 of the Act, Sim Yong Teng is deemed to have an interest in all related corporations of the Company.

DIRECTORS' STATEMENT

5. OPTIONS TO TAKE UP UNISSUED SHARES

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

6. AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Heng Lee Seng (Chairman)	(Independent Director)
Yeo Nai Meng	(Independent Director)
Tan Lay Ling	(Non-Executive Director, appointed on 28 February 2019)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the SGX-ST Listing Rules and the Code of Corporate Governance. Among others, it performed the following functions:

- Reviewed the external and internal audit plans with the external and internal auditors respectively;
- Reviewed with the external auditors their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed the quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report.

The Audit Committee has recommended to the Board of Directors that the external auditors, Mazars LLP, be nominated for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

7. INDEPENDENT AUDITOR

The external auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Sim Yong Teng
Executive Chairman and Executive Director

Tan Lay Ling
Non-Executive Director

Singapore
19 March 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINWA LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Sinwa Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies from pages 41 to 116.

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

Basis of Opinion

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

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, other than Singapore entities audited by Mazars Singapore for statutory reporting purposes, we identified 2 significant components which required a full scope and specific scope audit respectively of their financial information, because of their size or/and their risk characteristics.

The significant components were audited by other Mazars offices as component auditors under our instruction. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINWA LIMITED

Key Audit Matters

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

Classification and valuation of assets and liabilities of disposal group held for sale	
Key audit matter	Our audit response
On 13 November 2018, the Company has entered into a conditional share purchase and loan assignment agreement (the "SPA") with Asia Ship Chandlery Holdings Pte Ltd (the "Purchaser") to dispose of certain subsidiaries (the "Sale Subsidiaries") and to assign and transfer certain intercompany loans owing by the sale subsidiaries to the Company, to the Purchaser for an aggregate consideration of \$74,865,000 (the "Consideration"), subject to the terms and conditions of the SPA (the "Disposal"). The Sale Subsidiaries are: (a) Sinwa SS Pte. Ltd.; (b) Seafirst Marine Services Pte. Ltd.; (c) Sinwa Offshore Pte. Ltd.; (d) Sinwa Ship Supply (HK) Pte. Ltd.; (e) Windsor Marine Pte Ltd; and (f) Sinwa Australia Pty Limited. Pursuant to the SPA, the Company has also appointed the Purchaser as its agent to represent the Group in selling, on or before 30 April 2019, either the properties held by Sinwa Holdings Australia Pty Limited ("SHAPL") or all the shares of SHAPL for a minimum of \$8,600,000. Consequent to the SPA and in accordance to SFRS(I) 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>, the Group has reclassified the assets and liabilities of the Sale Subsidiaries to assets and liabilities of ("Disposal Group") held for sale on the consolidated statement of financial position. Accordingly, the results of the Disposal Group are also disclosed separately as results of discontinued operations in the consolidated statement of profit or loss and other comprehensive income. We have focused on the accounting treatment and disclosure of the Disposal given its significance to the results of the Group.	Our audit procedures included, but were not limited to, the following: (i) Reviewed the terms and conditions stipulated within the SPA between the Company and the Purchaser. As part of our assessment, we verified that the loss of control of the subsidiaries did not occur until after the financial year end; (ii) Verified that the Disposal Group is being valued at the lower of its carrying amount or fair value less costs to sell; (iii) Reviewed the presentation of discontinued operations in the financial statements in accordance to SFRS(I) 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>; and; (iv) Reviewed the classification of the results of the profit or loss on the discontinued operations in accordance to SFRS(I) 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINWA LIMITED

Key Audit Matters (Continued)

Classification and valuation of assets and liabilities of disposal group held for sale	
Key audit matter	Our audit response
In arriving at the carrying amounts of the assets and liabilities associated with the Disposal Group, we have also evaluated the following financial statement areas which include significant judgements and estimates from the management: 1) Allowance for trade receivables The Group adopted SFRS (I) 9 <i>Financial Instruments</i> during the year which introduces new, forward-looking, expected credit losses ("ECL") impairment model which takes into account reasonable and supportable forward-looking information, which will generally result in the earlier recognition of impairment provisions. This requires a number of significant judgments from management. The Group uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Group calculates ECL on trade receivables using an allowance matrix as permitted by SFRS(I) 9. Trade receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics. The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience.	As part of our procedures to review ECL in line with SFRS(I) 9, we have performed an independent review of outstanding debts, based on trade receivables ageing. We also assessed the Group's policy and allowance matrix on ECL based on the ratio of historical actual credit loss against trade receivables for the past three financial years and management's assumptions on forward-looking factors affecting the recoverability of the trade receivables. For major customers, we performed background checks on their financial standing and researched whether there is adverse news relating to their operations or financial position. Additionally, we performed subsequent receipts testing. For long outstanding debts, we have reviewed the past payment trends for the relevant debtors and reviewed evidence of payments made during and after the financial year.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINWA LIMITED

Key Audit Matters (Continued)

Classification and valuation of assets and liabilities of disposal group held for sale	
Key audit matter	Our audit response
2) Valuation of inventories Management's judgement is required to assess the appropriate level of impairment for items which may be ultimately scrapped or sold below cost as a result of a reduction in consumer demand. Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price (being the selling price quoted from the market of similar items) lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position.	We have reviewed management's assessment of net realisable value of the inventories and attended the inventory count conducted by the Group. We also reviewed the assessment for slow moving inventory based on the turnover ratio and inventory turnover days by the nature of inventories (i.e. food provisions and technical goods).

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINWA LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINWA LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Chan Hock Leong, Rick.

MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
19 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018 \$'000	2017 \$'000 (Restated)
Revenue	4	80	198
Cost of sales		(76)	(182)
Gross profit		4	16
Other item of income:			
Financial income	5	352	202
Other items of expense:			
Marketing and distribution expenses		(5)	(6)
Administrative expenses		(4,591)	(5,083)
Other income – net	6	54	1,388
Financial expenses	5	(518)	(695)
Share of (loss)/profit in joint venture, net of tax	15	(10)	10
Loss before taxation from continuing operations	7	(4,714)	(4,168)
Income tax expense	8	(272)	(263)
Loss from continuing operations		(4,986)	(4,431)
Profit for the year from discontinued operations	9	15,162	13,944
Profit for the year		10,176	9,513
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		(633)	(67)
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold and buildings, net of tax		332	4,654
Other comprehensive income for the year, net of tax		(301)	4,587
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,875	14,100

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group	
		2018 \$'000	2017 \$'000 (Restated)
(Loss)/Profit attributable to:			
Continuing operations, net of taxation			
Owners of the Company		(4,986)	(4,431)
Discontinued operations, net of taxation			
Owners of the Company		15,162	13,944
Profit for the financial year		10,176	9,513
Total comprehensive income attributable to:			
Owners of the Company		9,875	14,100
(Losses)/Earnings per share – cents			
Basic losses per share from continuing operations	10	(1.46)	(1.30)
Basic earnings per share from discontinued operations	10	4.44	4.09
Total basic earnings per share		2.98	2.79
Diluted losses per share from continuing operations	10	(1.46)	(1.30)
Diluted earnings per share from discontinued operations	10	4.44	4.09
Total diluted earnings per share		2.98	2.79

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	–	46,013	–	43
Intangible assets	12	–	–	–	–
Goodwill	13	–	548	–	–
Investments in subsidiaries	14	–	–	–	22,908
Investment in joint venture	15	–	52	–	25
Deferred tax assets	8	–	417	–	–
Other assets	16	–	55	–	–
Other receivables	17	–	336	–	66
Total non-current assets		–	47,421	–	23,042
Current assets					
Inventories	18	–	5,601	–	–
Trade and other receivables	17	54	44,969	15,899	26,746
Prepayments		16	401	16	17
Cash, bank balances and fixed deposits	20	23,339	26,143	23,317	17,166
		23,409	77,114	39,232	43,929
Asset classified as held for sale	19	–	1,380	–	–
Assets directly associated with disposal group held for sale	9	101,854	–	18,877	–
Total current assets		125,263	78,494	58,109	43,929
Total assets		125,263	125,915	58,109	66,971

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
EQUITY AND LIABILITIES					
Equity					
Share capital	21	41,963	41,963	41,963	41,963
Treasury shares	21	(961)	(961)	(961)	(961)
Other reserves	22	108	13,438	108	108
Amount recognised in other comprehensive income and accumulated in equity relating to disposal group held for sale	22	13,029	–	–	–
Retained earnings		34,409	28,497	16,320	17,596
Equity attributable to owners of the Company/Total equity		88,548	82,937	57,430	58,706
Non-current liabilities					
Deferred tax liabilities	8	50	2,810	50	124
Finance leases	23	–	109	–	–
Total non-current liabilities		50	2,919	50	124
Current liabilities					
Income tax payable		150	1,479	105	53
Trade and other payables	25	555	35,520	524	5,088
Finance leases	23	–	60	–	–
Borrowings	24	–	3,000	–	3,000
		705	40,059	629	8,141
Liabilities directly associated with disposal group held for sale	9	35,960	–	–	–
Total current liabilities		36,665	40,059	629	8,141
Total liabilities		36,715	42,978	679	8,265
Total equity and liabilities		125,263	125,915	58,109	66,971

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Total equity attributable to owner of the Company \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000
Balance at 1 January 2018		82,937	41,963	(961)	108	28,497	17,489	(4,159)
Foreign currency translation differences on foreign operations		(633)	-	-	-	-	-	(633)
Revaluation on leasehold land and buildings, net of tax		332	-	-	-	-	332	-
Other comprehensive income, net of tax Profit for the year		(301) 10,176	- -	- -	- -	- 10,176	332 -	(633) -
Total comprehensive income		9,875	-	-	-	10,176	332	(633)
Dividends/ Total transactions with owners of the Company	26	(4,264)	-	-	-	(4,264)	-	-
Balance at 31 December 2018		88,548	41,963	(961)	108	34,409	17,821	(4,792)

Note: Revaluation reserve and foreign currency translation reserve are amounts recognised in other comprehensive income and accumulated in equity relating to disposal group held for sale.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Total equity attributable to owner of the Company \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000
Balance at 1 January 2017		74,635	41,963	(961)	108	24,782	12,835	(4,092)
Foreign currency translation differences on foreign operations		(67)	-	-	-	-	-	(67)
Revaluation on leasehold land and buildings, net of tax		4,654	-	-	-	-	4,654	-
Other comprehensive income, net of tax		4,587	-	-	-	-	4,654	(67)
Profit for the year		9,513	-	-	-	9,513	-	-
Total comprehensive income		14,100	-	-	-	9,513	4,654	(67)
Dividends/ Total transactions with owners of the Company	26	(5,798)	-	-	-	(5,798)	-	-
Balance at 31 December 2017		82,937	41,963	(961)	108	28,497	17,489	(4,159)

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Note	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Retained earnings \$'000
Balance at 1 January 2018		58,706	41,963	(961)	108	17,596
Total comprehensive income for the year		2,988	-	-	-	2,988
Dividends/Total transactions with owners of the Company	26	(4,264)	-	-	-	(4,264)
Balance at 31 December 2018		57,430	41,963	(961)	108	16,320
Balance at 1 January 2017		52,683	41,963	(961)	108	11,573
Total comprehensive income for the year		11,821	-	-	-	11,821
Dividends/Total transactions with owners of the Company	26	(5,798)	-	-	-	(5,798)
Balance at 31 December 2017		58,706	41,963	(961)	108	17,596

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000 (Restated)
Operating activities			
Loss for the year from continuing operations		(4,986)	(4,431)
Profit for the year from discontinued operations		15,162	13,944
Profit for the year		10,176	9,513
Adjustments for:			
Allowance for/(Reversal of) doubtful trade receivables	17	68	(9)
(Reversal of)/Allowance for doubtful other receivables	17	(428)	159
Bad debts written off (trade)		49	5
Bad debts written off (non-trade)		166	–
Depreciation of property, plant and equipment	11	3,151	2,334
Interest income		(366)	(214)
Interest expense		16	68
Gain on disposal of property, plant and equipment (net)		(86)	(10)
Inventory written off		7	–
Property, plant and equipment written off		6	24
(Reversal of)/Allowance for impairment loss on freehold land and buildings		(270)	174
Reversal of impairment on asset classified as held for sale		–	(1,380)
Loss on disposal of joint venture		2	–
Share of loss/(profit) in joint venture	15	10	(10)
Income tax expense	8	1,611	1,778
Operating cash flows before movements in working capital		14,112	12,432
Prepayments, trade and other receivables		4,820	(7,127)
Inventories		736	(950)
Trade and other payables		(3,297)	5,196
Cash generated from operations		16,371	9,551
Interest paid		(16)	(68)
Interest received		366	214
Income tax paid		(1,446)	(1,472)
Net cash from operating activities		15,275	8,225

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$'000	2017 \$'000
Investing activities			
Proceeds from disposal of joint venture		100	–
Repayment from joint venture		6	–
Repayment from PRC licensees		539	–
Proceeds from disposal of property, plant and equipment		202	31
Purchase of property, plant and equipment	Note A	(1,031)	(5,377)
Proceeds from redemption of held-to-maturity financial assets		–	250
Effect of foreign currency alignment on investing activities		825	42
Net cash from/(used in) investing activities		641	(5,054)
Financing activities			
Repayment of borrowings		(3,000)	(2,000)
Repayment of finance leases		(60)	(66)
Dividends paid	26	(4,264)	(5,798)
Net cash used in financing activities		(7,324)	(7,864)
Net increase/(decrease) in cash and cash equivalents		8,592	(4,693)
Cash and cash equivalents at 1 January		26,143	30,902
Effect of exchange rate changes on cash and cash equivalents		(636)	(66)
Cash and cash equivalents at 31 December	20	34,099	26,143

	Cash movement	Non-cash movement	
1 January 2018	Repayment	Drawdown	31 December 2018
\$'000	\$'000	\$'000	\$'000
Liabilities			
Borrowings	(3,000)	–	–
Finance leases	(60)	83	192

	Cash movement	Non-cash movement	
1 January 2017	Repayment	Drawdown	31 December 2017
\$'000	\$'000	\$'000	\$'000
Liabilities			
Borrowings	(2,000)	–	3,000
Finance leases	(66)	99	169

Note A:

During the financial year, the Group acquired property, plant and equipment amounting to \$1,114,000 (2017: \$5,476,000) of which \$83,000 (2017: \$99,000) were acquired under finance lease.

The accompanying notes form an integral part of these 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

Sinwa Limited (the "Company") (Registration Number 200206542H) is incorporated and domiciled in Singapore with its principal place of business and registered office at 28 Joo Koon Circle, Singapore 629057. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue by the Board of Directors on 19 March 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("S") which is also the functional currency of the Company and all values presented are rounded to the nearest thousand ("S'000") as indicated.

Singapore Financial Reporting Standards (International)

In December 2017, the Accounting Standards Council (the "ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)") as the new accounting framework to be mandatorily applied by qualifying entities, which include Singapore-incorporated entities whose debt or equity instruments are traded in a public market in Singapore, in the preparation and presentation of their general purpose financial statements for annual reporting periods beginning on or after 1 January 2018.

This first volume of SFRS(I) contains the equivalent of consolidated text of IFRS as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual reporting periods beginning on 1 January 2018. Simultaneous to its compliance with SFRS(I), the Group can hence elect to include an explicit and unreserved statement of compliance with SFRS(I) in its first and subsequent SFRS(I) financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-Time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I) 1") which is equivalent to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* has been applied. In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). The effects of applying SFRS(I) 1 is disclosed in Note 33.

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-19	Amendments to SFRS(I) 1-19: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
SFRS(I) 1-28	Amendments to SFRS(I) 1-28: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
SFRS(I) 9	Amendments to SFRS(I) 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2018
SFRS (I)10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
Various	Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
	– Amendments to SFRS(I) 3 <i>Business Combinations</i> : <i>Additional guidance for applying the acquisition method to particular types of business combinations</i>	
	– Amendments to SFRS(I) 11 <i>Joint Arrangements</i> : <i>Accounting for acquisition of interests in joint operations</i>	
	– Amendments to SFRS(I) 1-12 <i>Income taxes</i> : <i>Measurement, Recognition of current and deferred tax and borrowing costs</i>	
	– Amendments to SFRS(I) 1-23 <i>Borrowing costs</i> : <i>Borrowing costs eligible for capitalisation</i>	
	– Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
	– Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	
SFRS(I) 3	Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
SFRS(I) 1-1, SFRS(I) 1-8	Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: <i>Definition of Material</i>	1 January 2020
SFRS(I) 17	Insurance Contracts	1 January 2021

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

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

SFRS(I) 16 Leases

SFRS(I) 16 supersedes SFRS(I) 1-17 *Lease*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) 1-15 *Operating Leases – Incentives*, and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and introduces a single, on-balance sheet accounting model for lessees.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management expect the initial application of SFRS(I) 16 will not result in any significant impact to the Group's and the Company's accounting for finance leases.

2.2 Basis of consolidation

Business combinations

Business combinations from 1 January 2017

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Business combinations (Continued)

Business combinations from 1 January 2017 (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Business combinations (Continued)

Business combinations from 1 January 2017 (Continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

Business combinations before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates and joint venture (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions of these entities. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Associates and joint venture (equity-accounted investees) (Continued)

Any goodwill arising on the acquisition of the Group's interest in a joint venture is accounted for in accordance with the Group's accounting policy for goodwill under Note 2.11.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Where the Group transacts with an associate or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

Accounting for subsidiaries, joint ventures and associates in the separate financial statements

Investments in subsidiaries, joint ventures and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is presented net of estimated customer returns, rebates, other similar allowances and sales related taxes.

Sale of goods

The Group supplies deck stores, engine stores, electrical stores, safety equipment, general consumables and tools, provisions and bonded stores (duty free liquor and tobacco products).

Revenue from the supplies of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation 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 performance obligation.

The transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. 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.

The Group does not extend credit terms beyond one year and does not expect that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service to be beyond one year. Accordingly, the Group does not adjust the promised amount of consideration for the effects of a significant financing components.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue recognition (Continued)

Rendering of services

Revenue is recognised when the services are completed.

Revenue is derived from rendering of services related to the provision of logistical and agency services.

Rental income

Rental income arising from operating leases on warehouse is accounted for on utilisation of storage space and agreed rate over the lease period.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.5 Retirement benefit costs

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

2.6 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave, expected to be settled wholly within 12 months from the reporting date, as a result of services rendered by employees up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income tax

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 profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or received from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax

Deferred tax is recognised on all 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such 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 on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

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.

Deferred tax is recognised in profit or loss, except when they relate to items recognised outside profit and loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination is taken into account in calculating goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income tax (Continued)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

Withholding tax

Withholding tax arise when foreign subsidiaries remit funds to Singapore from foreign jurisdictions.

2.8 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders.

2.9 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in equity, through other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in equity, through other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve. Such accumulated translation reserve are reclassified to profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Foreign currency transactions and translation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities) are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

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.

2.10 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the financial year.

Any revaluation increase arising from the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. The revaluation of land and buildings will be conducted every three (3) years provided there is only insignificant changes in fair value.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is re-presented to the revalued amount of the asset.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following basis:

Freehold buildings	2%
Leasehold land and buildings (over the terms of leases)	4.0% to 4.4%
Equipment and vehicles	10% to 20%

Freehold land is not depreciated, but carried at valuation.

No depreciation is charged on construction-in-progress as they are not yet in use at the end of financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (Continued)

The carrying values 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 estimated useful lives, residual values and depreciation method are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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 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 profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

2.11 Intangible assets

Computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licence is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 5 years.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (Continued)

Goodwill (Continued)

Goodwill on associate and joint venture is included in the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the profit or loss.

On disposal of a subsidiary, a joint venture or an associate, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.12 Club memberships

Investment in transferable corporate club memberships are stated at cost less any impairment loss.

2.13 Impairment of non-financial assets excluding goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

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

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

2.14 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Financial instruments from 1 January 2018

These accounting policies are applied on and after the initial application date of SFRS(I) 9, (i.e. 1 January 2018).

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.3.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification at initial recognition depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial instruments from 1 January 2018 (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

A financial asset is subsequently measured at fair value through profit or loss if the financial asset is a financial asset held for trading, is not measured at amortised cost or at fair value through other comprehensive income, or is irrevocably elected at initial recognition to be designated fair value through profit or loss if, by designating the financial asset as fair value through profit or loss, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group uses a practical expedient to recognise the expected credit losses for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime expected credit losses using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

The amount of expected credit losses or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial instruments from 1 January 2018 (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

When shares recognised as equity are re-acquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

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 earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial instruments from 1 January 2018 (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.4 above).

Financial guarantee contracts

A subsidiary has issued corporate guarantees to banks for borrowings of the Company and these guarantees qualify as financial guarantees because the subsidiary is required to reimburse the banks if the Company breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* or FRS 18 *Revenue* previously.

Intra-group financial guarantees are eliminated on consolidation.

Derecognition of financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets before 1 January 2018

Financial assets are classified into the following specified categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise quoted debt securities.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's and the Company's loans and receivables in the statement of financial position comprise trade and other receivables and cash, bank balances and fixed deposits.

Available-for-sale financial assets

Certain shares held by the Group are classified as available-for-sale if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the period.

The Group does not have the intention to dispose the investment in unquoted shares within 12 months after the balance sheet date. The fair value of the investment in unquoted shares cannot be measured reliably as the probabilities of the various estimates in the range cannot be reasonably assessed as used in estimating fair value. Consequently, they are carried at cost less allowance for impairment, if any.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, the estimated future cash flows of the assets have been impacted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets before 1 January 2018 (Continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits (net of pledged fixed deposits) and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.17 Non-current assets and discontinued operations held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable with the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Non-current assets and discontinued operations held for sale (Continued)

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

Depreciation and amortisation for a non-current asset ceases once it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

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

- (i) represents a separate major line of business or geographical area of operations;
- (ii) is part of a single co-ordinated 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.

The results of discontinued operations is disclosed separately from continuing operations as a single amount comprising the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal groups constituting the discontinued operation.

When an operation is classified as a discontinued operation, the comparative profit or loss is re-presented as if the operation had been discontinued from the start of the comparative period.

2.18 Leases

Finance leases

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

Assets held under finance leases are capitalised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 2.4 above).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

Operating leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term on the same basis as the lease income.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised by deducting the grant in arriving at the carrying amount of the asset in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the life of a depreciable asset by way of a reduced depreciation charge.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(i) Measurement of expected credit losses of trade receivables

The Group uses an allowance matrix to measure expected credit losses for trade receivables. The expected credit losses rates are based on the Group's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by internal ratings, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Group adjusts the allowance matrix at each reporting date. Such estimation of the expected credit losses rates may not be representative of the actual default in the future. The expected loss allowance on the Group's trade receivables as at 31 December 2018 was \$648,000 (2017: \$614,000).

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in relation to future cash flows and suitable discount rates (Note 13). The carrying value of the goodwill as at 31 December 2018 was \$548,000 (2017: \$548,000) (Note 13).

(iii) Impairment of investments in subsidiaries

In assessing whether the investments in subsidiaries are impaired, management used value-in-use calculations. These calculations are based on cash flow projections prepared using financial budgets approved by the Directors covering a five-year period. Management has considered and determined the factors applied in the financial budgets, which include budgeted gross margins and average growth rates. The budgeted gross margins are based on past performance and the average growth rates are based on industry growth forecasts. Management estimates discount rates using rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units. The carrying amount of the Company's investments in subsidiaries as at 31 December 2018 was \$8,761,000 (2017: \$22,908,000) (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(iv) *Depreciation of property, plant and equipment*

The depreciable amounts of assets are allocated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 1 to 50 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2018 was approximately \$43,702,000 (2017: \$46,013,000) (Note 11). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets.

Changes in the government regulations and industrial circumstances could also have an impact on the requirement for provision for dismantlement, removal and restoration costs and the estimated amounts.

(v) *Inventory-related allowance*

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for their products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of the Group's inventories as at 31 December 2018 was \$4,858,000 (2017: \$5,601,000) (Note 18).

(vi) *Revaluation of land and buildings*

The Group carries its land and buildings at fair value, with changes in fair values being recognised in revaluation reserve. The Group engaged independent valuation specialists to determine fair value as at each reporting date.

The fair value of land and buildings is determined by independent real estate valuation experts using recognised valuation techniques.

The determination of the fair value of the land and buildings requires the use of estimates based on local market conditions existing at the end of each reporting date.

The key assumptions used to determine the fair value of the land and buildings are further explained in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE

Continuing operations
Sale of goods

Group	
2018 \$'000	2017 \$'000 (Restated)
80	198

5. FINANCIAL INCOME/(EXPENSES) – NET

Continuing operations
Financial income:
Interest income from fixed deposits

Financial expenses:
Interest expenses on term loan
Foreign exchange loss – net

Group	
2018 \$'000	2017 \$'000 (Restated)
352	202
(9)	(61)
(509)	(634)
(518)	(695)

6. OTHER INCOME – NET

Continuing operations
Bad debts recovered (trade)
Gain on disposal of property, plant and equipment (net)
Inventories written off
Loss on disposal of joint venture
Management fee income
Reversal of impairment loss on Asset classified as held for sale (Note 19)

Group	
2018 \$'000	2017 \$'000 (Restated)
–	2
54	–
(3)	–
(2)	–
5	6
–	1,380
54	1,388

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

In addition to the charges and credits disclosed elsewhere in the financial statements, the following charges were included in the determination of loss before income tax:

	Group	
	2018 \$'000	2017 \$'000 (Restated)
Audit fees paid to auditors:		
Auditors of the Company	64	63
Depreciation of property, plant and equipment	31	34
Directors' fees:		
Directors of the Company	138	123
Directors' remuneration other than fees:		
Directors of the Company		
Short-term employee benefits	2,315	2,094
Staff costs (excluding directors' remuneration)	1,427	2,068
Contributions to defined contribution plans	212	210

8. INCOME TAX EXPENSE

	Group	
	2018 \$'000	2017 \$'000
Current tax expense		
– current year	1,547	1,537
– over provision in prior years	(102)	(34)
	1,445	1,503
Deferred tax expense		
– current year	55	137
– over provision in prior years	16	58
	71	195
Withholding tax	95	80
Total income tax expense	1,611	1,778
Income tax expense attributable to the following:		
– Continuing operations	272	263
– Discontinued operations (Note 9)	1,339	1,515
	1,611	1,778

Domestic income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAX EXPENSE (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

	Group	
	2018 \$'000	2017 \$'000 (Restated)
Loss before taxation from continuing operations	(4,714)	(4,168)
Profit before taxation from discontinued operations	16,501	15,459
Profit before income tax	11,787	11,291
Income tax expense at the statutory rate	2,004	1,919
Tax effect of non-deductible items	(17)	79
Tax effect of tax exemptions	(99)	(99)
Tax rebate/incentives	(270)	(270)
Effect of different tax rates of overseas operations	198	(16)
Over provision of income tax in prior years	(102)	(34)
Under provision of deferred tax in prior years	16	58
Deferred tax assets not recognised	(214)	61
Withholding tax	95	80
Total income tax expense	1,611	1,778

The deferred tax (assets)/liabilities are as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Deferred tax assets	–	(417)	–	–
Deferred tax liabilities	50	2,810	50	124
Net deferred tax liabilities	50	2,393	50	124

The movement for the year in deferred tax position is as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
At beginning of year	2,393	2,198	124	–
Credited to profit or loss	87	195	(74)	124
Charged to revaluation reserve	68	–	–	–
Reclassified to liabilities of disposal group held for sale	(2,498)	–	–	–
At end of year	50	2,393	50	124

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAX EXPENSE (CONTINUED)

The following are the major deferred tax liabilities and assets recognised by the Group and the movements during the year:

Group	Revaluation of land and buildings \$'000	Tax losses \$'000	Accelerated tax depreciation \$'000	Others \$'000	Total \$'000
Balance at 1 January 2018	2,382	(417)	235	193	2,393
(Credited)/Charged to profit or loss	(84)	201	112	(74)	155
Reclassified to liabilities of disposal group held for sale	(2,298)	216	(347)	(69)	(2,498)
Balance at 31 December 2018	–	–	–	50	50
Balance at 1 January 2017	2,470	(468)	151	45	2,198
(Credited)/Charged to profit or loss	(88)	51	84	148	195
Balance at 31 December 2017	2,382	(417)	235	193	2,393

No deferred tax assets has been recognised for tax losses of \$Nil (2017: \$510,000) that can be used to offset against future taxable profits of the companies in which the losses arose, due to uncertainty of its recoverability. The utilisation of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

The deferred tax liability for the Company relates to the interest income not received.

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 13 November 2018, the Company entered into a share purchase and loan assignment agreement (the "SPA") with Asia Ship Chandlery Holdings Pte. Ltd. (the "Purchaser") for the following, for an aggregate consideration of \$74,865,000 (the "Consideration"), upon the terms and subject to the conditions of the SPA:

- 1) (The "Disposal") Pursuant to the SPA which the Company has agreed to sell, and the Purchaser has agreed to purchase, all the issued and paid up share capital of the following wholly-owned subsidiaries of the Company (the "Sale Subsidiaries", and each a "Sale Subsidiary") set out details as follow:–
 - (a) Sinwa SS Pte. Ltd.;
 - (b) Seafirst Marine Services Pte. Ltd.;
 - (c) Sinwa Offshore Pte. Ltd.;
 - (d) Sinwa Ship Supply (HK) Pte. Ltd.;
 - (e) Windsor Marine Pte Ltd; and
 - (f) Sinwa Australia Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

- 2) the Company has further agreed to assign and transfer, and procure the assignment and transfer by Sinwa SS Pte. Ltd., to the Purchaser of certain intercompany loans owing by the Sale Subsidiaries and their subsidiaries (collectively, the "Disposal Group") to the Company.

On 1 February 2019, the Company announced the completion of the Disposal of the sale subsidiaries. Upon completion of the Disposal, the Company ceased to have any operating subsidiaries or businesses and will become a cash company as defined under Rule 1018 of the Listing Manual.

Pursuant to the SPA in addition to the Consideration, the Company has also appointed the Purchaser's Group as its sole and exclusive agent to represent the Group (excluding the Disposal Group), in selling, on or before 30 April 2019, and on such terms as may be negotiated by the Purchaser's Group on behalf of the Group (excluding the Disposal Group), either:-

- (a) the properties located at 1932 Coolawanyah Road, Karratha Industrial Estate, Western Australia and 39 Jessie Lee Street, Hendersen (the "Australia Industrial Properties"); or
- (b) all the issued and paid up share capital of Sinwa Holdings (Australia) Pty Limited (the "Australian Properties Sale");

for an aggregate consideration not less than \$8,600,000.

As at 13 November 2018, the assets and liabilities relating to Disposal Group are classified as a disposal group held for sale and are presented in the statements of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale". The results of operations of Disposal Group are presented separately in the statement of profit or loss and other comprehensive income as "Profit for the year from discontinued operations attributable to owners of the company".

The major classes of assets and liabilities of the Disposal Group as at 31 December 2018 are as follows:

	Group \$'000	Company \$'000
Assets:		
Cash and cash equivalents (Note 20)	10,760	—
Trade and other receivables	41,738	10,116
Inventories	4,858	—
Property, plant and equipment (Note 11)	43,702	—
Investments in subsidiaries (Note 14)	—	8,761
Goodwill (Note 13)	548	—
Deferred tax assets (Note 8)	195	—
Other non-current assets	53	—
Assets of disposal group classified as held for sale	101,854	18,877
Liabilities:		
Finance leases	192	—
Income and deferred tax liabilities	4,116	—
Trade and other payables	31,652	—
Liabilities of disposal group classified as held for sale	35,960	—
Net assets of disposal group classified as held for sale	65,894	18,877

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

The results of the Disposal Group for the financial years ended 31 December are as follows:

	Group	
	2018 \$'000	2017 \$'000
Revenue	173,610	172,396
Expenses	(157,116)	(156,942)
Interest expense	(7)	(7)
Interest income	14	12
Profit before income tax for the financial year	16,501	15,459
Income tax expense	(1,339)	(1,515)
Profit for the financial year	15,162	13,944
Profit per share from discontinued operations attributable to owners of the Company:		
Basic and diluted – cents	4.44	4.09

The basic and diluted profit per share from discontinued operations are calculated by dividing the profit from discontinued operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

Cash flow statement disclosures

	2018 \$'000
Operating	1,449
Investing	469
Financing	(60)
Net cash inflows	1,858

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings per share of the Company is based on the following data:

a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is based on:

	Group	
	2018 \$'000	2017 \$'000
Loss from continuing operations, attributable to owners of the Company	(4,986)	(4,431)
Profit from discontinued operations, attributable to owners of the Company	15,162	13,944
Profit attributable to owners of the Company	10,176	9,513

	Number of share	
	2018	2017
Weighted average number of shares in issue during the year	341,079,335	341,079,335

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. EARNINGS/(LOSS) PER SHARE (CONTINUED)

b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is based on:

	Group	
	2018 \$'000	2017 \$'000
Loss from continuing operations, attributable to owners of the Company	(4,986)	(4,431)
Profit from discontinued operations, attributable to owners of the Company	15,162	13,944
Profit attributable to owners of the Company	10,176	9,513

	Number of share	
	2018	2017
Weighted average number of shares in issue during the year	341,079,335	341,079,335

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Equipment and vehicles \$'000	Construction- in-progress S\$'000	Total \$'000
Group						
2018						
Cost/valuation:						
At 1 January 2018	2,976	7,128	30,800	12,525	–	53,429
Foreign currency realignment	(252)	(607)	–	(224)	–	(1,083)
Additions	–	–	–	1,114	–	1,114
Written off	–	–	–	(155)	–	(155)
Disposals	–	–	–	(640)	–	(640)
Revaluation						
– depreciation reclassified	–	(81)	(1,310)	–	–	(1,391)
– revaluation through other comprehensive income	–	–	332	–	–	332
– reversal of impairment loss through profit or loss	605	(335)	–	–	–	270
Reclassification to disposal group held for sale	(3,329)	(6,105)	(29,822)	(12,620)	–	(51,876)
At 31 December 2018	–	–	–	–	–	–
Accumulated depreciation:						
At 1 January 2018	–	–	–	7,416	–	7,416
Foreign currency realignment	–	(99)	–	(162)	–	(261)
Depreciation charge	–	180	1,378	1,593	–	3,151
Written off	–	–	–	(149)	–	(149)
Disposals	–	–	–	(524)	–	(524)
Revaluation	–	(81)	(1,378)	–	–	(1,459)
Reclassification to disposal group held for sale	–	–	–	(8,174)	–	(8,174)
At 31 December 2018	–	–	–	–	–	–
Carrying amount:						
At 31 December 2018	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Equipment and vehicles \$'000	Construction- in-progress S\$'000	Total \$'000
Group 2017						
Cost/valuation:						
At 1 January 2017	3,151	7,370	17,400	9,566	7,852	45,339
Foreign currency realignment	(10)	(36)	–	(9)	–	(55)
Additions	–	–	13	3,695	1,768	5,476
Written off	–	–	–	(464)	–	(464)
Disposals	–	–	–	(263)	–	(263)
Reclassification	–	–	9,620	–	(9,620)	–
Revaluation						
– depreciation reclassified	–	(197)	(887)	–	–	(1,084)
– revaluation through other comprehensive income	–	–	4,654	–	–	4,654
– impairment loss through profit or loss	(165)	(9)	–	–	–	(174)
At 31 December 2017	2,976	7,128	30,800	12,525	–	53,429
Representing:						
Cost	–	–	–	12,525	–	12,525
Valuation	2,976	7,128	30,800	–	–	40,904
	2,976	7,128	30,800	12,525	–	53,429
Accumulated depreciation:						
At 1 January 2017	–	–	–	6,860	–	6,860
Foreign currency realignment	–	(8)	–	(4)	–	(12)
Depreciation charge	–	205	887	1,242	–	2,334
Written off	–	–	–	(440)	–	(440)
Disposals	–	–	–	(242)	–	(242)
Revaluation	–	(197)	(887)	–	–	(1,084)
At 31 December 2017	–	–	–	7,416	–	7,416
Carrying amount:						
At 31 December 2017	2,976	7,128	30,800	5,109	–	46,013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment and vehicles \$'000
Company	
2018	
Cost:	
At 1 January 2018	171
Disposal	(171)
At 31 December 2018	–
Accumulated depreciation:	
At 1 January 2018	128
Depreciation charge	31
Disposal	(159)
At 31 December 2018	–
Carrying amount:	
At 31 December 2018	–
2017	
Cost:	
At 1 January 2017 and 31 December 2017	171
Accumulated depreciation:	
At 1 January 2017	94
Depreciation charge	34
At 31 December 2017	128
Carrying amount:	
At 31 December 2017	43

Leased plant and equipment

As at the end of financial year, the Group has motor vehicles with net book value of approximately \$332,000 (2017: \$272,000) acquired under finance lease. Leased assets were pledged as security for the related finance lease liabilities.

Revaluation of land and buildings

With reference to the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

Freehold land and buildings in Australia were revalued by two firms of independent professional valuers, McGees Property and APC Australian Property Consultants, at open market value on a highest and best-use basis, which is in line with its current use.

Based on the valuation reports, the Group recognised reversal of impairment loss of \$270,000 (2017: allowance for impairment loss \$174,000) on the Group's freehold land and buildings in Australia, in "other income – net".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings (Continued)

Leasehold land and buildings in Singapore were revalued by CBRE Pte Ltd, a firm of independent professional valuers, at open market value in financial year ended 31 December 2018 and 2017 on a highest and best-use basis, which is in line with its current use. For the financial year ended 31 December 2018, based on the valuation reports, the Group recognised revaluation surplus of \$400,000 (2017: \$4,654,000) which is included in "other comprehensive income" to its estimated market value of \$29,200,000 (2017: \$30,800,000) and in accordance with Group's policy (Note 2.10).

If the land and buildings stated at valuation were included in the financial statements at cost less accumulated depreciation and impairment losses, their net book values would be:

	Group	
	2018 \$'000	2017 \$'000
Freehold land	3,329	2,976
Freehold buildings	6,105	7,128
Leasehold land and buildings	12,191	13,180
At end of year	21,625	23,284

Details of the Group's land and buildings comprise the following:

Location	Title	Description
No. 28 Joo Koon Circle, Singapore 629057	Leasehold building (Leased, expiring in August 2038)	A two-storey warehouse cum office building
No. 24/26 Joo Koon Circle, Singapore 629055	Leasehold building (Leased, expiring in June 2041)	A two-storey warehouse cum office building
No. 35 Joo Koon Road, Singapore 628987	Leasehold building (Leased, expiring in August 2040)	A two-storey warehouse cum workers' dormitory
20 Leonard Way, Karratha WA 6714, Western Australia	Freehold property	A residential property
16 O'Brien Way, Karratha WA 6714, Western Australia	Freehold property	A residential property
78, Bajamalu Drive, Baynton, Karratha WA 6714, Western Australia	Freehold property	A residential property
1932 Coolawanyah Road, Karratha Industrial Estate, Karratha, Western Australia	Freehold land and property	Approximately 16,700 square metres land and warehouse cum office facilities
Lots 71, 72, 79 & 80, Deposited Plan 56822, Australian Marine Complex, Henderson WA, Australia	Freehold land and property	Approximately 11,500 square metres land and warehouse cum office facilities

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Measurement of fair value

Valuation techniques used to derive Level 3 fair values:

A reconciliation of the opening and closing fair value balance is provided below:

	Group	
	2018 \$'000	2017 \$'000
At 1 January (Level 3 recurring fair value)	40,904	27,921
Additions	–	13
Depreciation charge	(1,558)	(1,092)
Reclassification from construction in progress	–	9,620
Gain: included in 'other comprehensive income'		
– revaluation gain on leasehold land and buildings	400	4,654
Gain/(Loss): included in 'other income – net'		
– reversal of/(allowance for) impairment loss on freehold land and buildings	270	(174)
– foreign currency realignment	(760)	(38)
Reclassified to assets of disposal group held for sale	(39,256)	–
At 31 December (Level 3 recurring fair value)	–	40,904

Description	Fair value measurement using:		
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Group			
2018			
Recurring fair value measurements			
Freehold land and buildings – Australia	–	–	–
Leasehold land and buildings – Singapore	–	–	–
Total fair value	–	–	–
2017			
Recurring fair value measurements			
Freehold land and buildings – Australia	–	–	10,104
Leasehold land and buildings – Singapore	–	–	30,800
Total fair value	–	–	40,904

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Measurement of fair value (Continued)

Valuation techniques used to derive Level 3 fair values: (Continued)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land and buildings, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below. There were no changes to the valuation techniques during the year.

For land and buildings categorised under Level 3 of the fair value hierarchy, the following information is relevant:

Descriptions	Valuation techniques	Key unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Freehold land and buildings – Australia	Summation approach	Replacement building area rate	A\$1,401 per sqm (2017: A\$1,455 per sqm)	Increase in replacement building area rate would result in higher fair value.
	Capitalisation approach	Capitalisation rate	8.0% (2017: 8.0%) per annum	Increase in capitalisation rate would result in lower fair value.
	Direct comparison approach	Price per square metre ⁽¹⁾	A\$468 to A\$1,960 per sqm (2017: A\$390 to A\$1,823 per sqm)	Increase in price per square metre would result in higher fair value.
Leasehold land and buildings – Singapore	Direct comparison approach	Price per square metre ⁽¹⁾	\$1,990 to \$2,753 per sqm (2017: \$2,105 to \$2,894 per sqm)	Increase in price per square metre would result in higher fair value.

(1) The yield adjustments are made for any difference in the nature, location or condition of the specific property.

12. INTANGIBLE ASSETS

Cost:

At 1 January and at 31 December

Accumulated amortisation and impairment loss:

At 1 January and 31 December

Carrying amount:

At 31 December

Group Computer software	
2018 \$'000	2017 \$'000
–	231
–	231
–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. GOODWILL

Cost:

Balance at 1 January
Reclassified to disposal group held for sale
Balance at 31 December

Impairment loss:

Balance at 1 January
Reclassified to disposal group held for sale
Balance at 31 December

Carrying amount

Balance at 31 December

Group	
2018 \$'000	2017 \$'000
3,181	3,181
(3,181)	–
–	3,181
(2,633)	(2,633)
2,633	–
–	(2,633)
–	548

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2018 \$'000	2017 \$'000
Windsor Marine Pte Ltd	60	60
Sinwa Australia Pty Limited	488	488
	548	548

The recoverable amounts of the CGU were based on its value in use and were determined by the management based on their best estimate and knowledge of the marine industry. The carrying amounts of CGU were determined to be lower than its recoverable amount and no impairment is required.

As at 31 December 2018, no value in use was determined as the carrying amounts of CGU was reclassified as asset of disposal group held for sale (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 \$'000	2017 \$'000
Unquoted equity shares, at cost	6,377	6,377
Loans to subsidiaries	2,384	20,551
	8,761	26,928
Impairment loss on unquoted equity shares	–	(100)
Impairment loss on loans to subsidiaries	–	(3,920)
Reclassified assets of disposal group held for sale (Note 9)	(8,761)	–
	–	22,908

The loans to subsidiaries form part of the Company's net investment in certain of its subsidiaries. These loans are interest-free, except for loans amounting to \$Nil (2017: \$8,054,000) which bear an average effective interest rate of Nil% (2017: 4.3%) per annum, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The Company's loans to subsidiaries are denominated in the following currencies:

	Company	
	2018 \$'000	2017 \$'000
Singapore dollar	2,384	12,383
United States dollar	–	114
Australian dollar	–	8,054
	2,384	20,551

The details of the subsidiaries are as follows:

Name of subsidiaries (Country of incorporation/principal place of business and principal activities)	Cost of investment in Company's/ subsidiaries' books		Effective equity interest held by the Group	
	2018 \$'000	2017 \$'000	2018 %	2017 %
Sinwa SS Pte. Ltd. Singapore Investment holding	*	4,919	100	100
Seafirst Marine Services Pte. Ltd. Singapore Marine supply and logistics, ship agency and general husbandry	*	1,120	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation/principal place of business and principal activities)	Cost of investment in Company's/ subsidiaries' books		Effective equity interest held by the Group	
	2018 \$'000	2017 \$'000	2018 %	2017 %
Sinwa Offshore Pte. Ltd. Singapore Project management and support services to the offshore drilling industry	*	50	100	100
Windsor Marine Pte Ltd Singapore Marine supply and logistics, import and export and commission agents	*	188	100	100
Sinwa International Pte. Ltd. Singapore Investment holding	#	#	100	100
Sinwa Ship Supply (HK) Pte. Ltd. Singapore Marine supply and general husbandry	*	100	100	100
Subsidiaries of Sinwa Offshore Pte. Ltd.:				
Sinwa Offshore Logistics (M) Sdn. Bhd. ⁽⁷⁾ Malaysia Dormant	—	#	—	80
Sinwa (Thailand) Ltd ⁽⁵⁾⁽⁶⁾ Thailand Marine supply to the offshore industry	*	83	100	100
Subsidiaries of Sinwa SS Pte. Ltd.:				
Sinwa (Singapore) Pte Ltd Singapore Marine supply and logistics	*	1,980	100	100
Sinwa Marine Pte Ltd Singapore Ship agency and general husbandry	*	263	100	100
Sinwa SS (HK) Co. Limited ⁽¹⁾ Hong Kong Investment holding	2	2	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries (Country of incorporation/principal place of business and principal activities)	Cost of investment in Company's/ subsidiaries' books		Effective equity interest held by the Group	
	2018 \$'000	2017 \$'000	2018 %	2017 %
Subsidiaries of Sinwa Marine Pte Ltd:				
IMS (Shanghai) Co., Ltd ⁽⁴⁾ China Trading and exports	*	213	100	100
Sinwa Marine Services (Dalian) Pte. Ltd. Singapore Marine supply and general husbandry	*	#	100	100
Sinwa Marine Services (Tianjin) Pte. Ltd. Singapore Marine supply and general husbandry	*	#	100	100
Sinwa Marine Services (Qingdao) Pte. Ltd. Singapore Marine supply and general husbandry	*	#	100	100
Sinwa Shanghai Ship Supply Pte. Ltd. Singapore Marine supply and general husbandry	*	10	100	100
Subsidiaries of Sinwa International Pte. Ltd.:				
Sinwa Australia Pty Limited ⁽²⁾⁽³⁾ Australia Marine supply and logistics	*	1,372	100	100
Sinwa AIMS Pty. Ltd. ⁽²⁾⁽³⁾ Australia Marine supply and logistics	782	782	100	100
Sinwa Holdings (Australia) Pty Limited ⁽²⁾⁽³⁾ Australia Investment holding	*	4,136	100	100

Cost of investment is less than \$1,000.

* Cost of investment classified as assets of disposal group held for sale (Note 9).

(1) Audited by Mazars LLP, Hong Kong, a member firm of Mazars.

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

(3) Audited by Mazars Risk and Assurance Pty Ltd, Australia, a member firm of Mazars for consolidation purposes.

(4) Not audited as it is immaterial to the Group.

(5) Audited by Intadit Certified Public Accountant Office Co., Ltd, Thailand.

(6) Audited by Mazars Ltd, Thailand, a member firm of Mazars for consolidation purposes.

(7) On 19 September 2018, the Company received struck off notice from the Companies Commission of Malaysia.

Other than as disclosed above, all the subsidiaries are audited by Mazars LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest in joint venture	–	52	–	25

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:

	Group	
	2018 \$'000	2017 \$'000
Group's interest in net assets of joint venture at beginning of year	52	42
Share of total comprehensive (loss)/profit	(10)	10
Disposal of joint venture	(42)	–
Carrying amount of interest in joint venture at end of year	–	52

The details of the joint venture are as follows:

Name of joint venture (Country of incorporation/principal place of business and principal activities)	Cost of investment in Company's books		Effective equity interest held by the Group	
	2018 \$'000	2017 \$'000	2018 %	2017 %
SB Barge Pte. Ltd. Singapore Marine launch services	–	25	–	50

SB Barge Pte. Ltd. ("SB")

SB is an unlisted joint arrangement in which the Group has joint control via investors' agreement and 50% (2017: 50%) ownership interest. SB is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in SB as a joint venture, which is equity-accounted. This joint venture is audited by Mazars LLP, Singapore.

During the financial year, the Company had disposed of the investment in joint venture for a consideration of \$100,000.

16. OTHER ASSETS

	Group	
	2018 \$'000	2017 \$'000
Non-current:		
Club memberships	43	43
Allowance for impairment	(22)	(22)
Financial asset at fair value through profit or loss	21	21
Available-for-sale financial asset (unquoted shares in an Australian cooperative)	34	–
Reclassified to assets of disposal group held for sale	–	34
	(55)	–
Total other assets	–	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current:				
Trade receivables:				
Third parties	–	44,523	–	–
Allowance for impairment	–	(614)	–	–
PRC licensees	–	184	–	–
	–	44,093	–	–
Other receivables:				
Subsidiaries	–	–	28,244	25,180
Other receivables	54	664	54	1,704
Deposits	–	290	–	40
PRC licensees	–	81	–	–
Allowance for impairment on other receivables/amount due from subsidiary	–	(159)	(2,283)	(178)
Reclassified assets of disposal group held for sale (Note 9)	–	–	(10,116)	–
Total trade and other receivables	54	44,969	15,899	26,746
Non-current:				
Other receivables:				
Joint venture	–	66	–	66
PRC licensees	–	1,151	–	–
Allowance for impairment on amounts due from PRC licensees	–	(881)	–	–
	–	336	–	66

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Movements in allowance for impairment:				
At 1 January	1,654	1,965	178	178
(Credit from)/Charge to profit or loss	(428)	159	2,283	–
Allowance for/(Reversal of) doubtful trade receivables	68	(9)	–	–
Bad debts written off	(646)	(461)	(178)	–
Reclassified to assets of disposal group held for sale	(648)	–	–	–
Balance at 31 December	–	1,654	2,283	178

The impairment for the Group and the Company are mainly due to certain debtors that have indicated that they are not expecting to be able to pay their outstanding balances mainly due to financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The table below is an analysis of the Group's trade receivables as at the end of the financial year:

	Group	
	2018 \$'000	2017 \$'000
Not past due and not impaired	–	24,757
Past due but not impaired	–	19,336
Impaired receivables	–	614
Less: Allowance for impairment	–	(614)
	–	44,093
Aging of receivables that are past due but not impaired		
< 6 months	–	17,996
6 months to 12 months	–	892
> 12 months	–	448
	–	19,336

The average credit period generally granted to trade receivable customers was about 30 to 90 days in 2017. The carrying amounts of the trade receivables approximate their fair value due to their relatively short term maturity.

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure the credit is extended only to customers with acceptable credit history and/or payment track record. Allowances for doubtful trade receivables are made on specific trade receivables when there is objective evidence that the Group will not be able to collect all amounts due. Included in current year allowances are mainly specific allowances for impairment of certain long outstanding receivables which are deemed to be uncollectible.

The Company has other receivables from its subsidiaries that are not considered past due because there are no credit terms given to these transactions comprising mainly dividends and advances. Other receivables from subsidiaries and joint venture are unsecured, interest-free and repayable on demand.

PRC licensees refer to appointed marine supply and logistics companies under mutual co-operation agreements. Under these agreements, the SINWA brand name is licensed to these companies and management, technical and consultancy support services are provided to them. As such, the Group has made advances to the PRC licensees for the initial start-up, future infrastructural branding and market development of Sinwa business.

The trade receivables from and payables to the PRC licensees were settled within the agreed trade credit term of 90 days. The carrying amounts of other receivables due from joint venture and PRC licensees were interest-free and unsecured. As at 31 December 2018, allowance for impairment in the non-trade amount due from these PRC licensees was \$Nil (2017: \$881,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's and the Company's trade and other receivables balances are denominated in the following currencies:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Singapore dollar	54	35,350	12,554	25,614
United States dollar	–	803	–	–
Australian dollar	–	4,919	3,345	1,132
Thai baht	–	3,806	–	–
Others	–	91	–	–
	54	44,969	15,899	26,746
Non-current				
Singapore dollar	–	336	–	66

18. INVENTORIES

	Group	
	2018 \$'000	2017 \$'000
Finished goods	–	5,601

The cost of inventories recognised as expense and included in "cost of sales" amounted to \$130,745,000 (2017: \$129,879,000). As at 31 December 2018, inventories were reclassified to assets of disposal group held for sale.

19. ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2018 \$'000	2017 \$'000
Unquoted share in a joint venture company	15,116	15,116
Allowance for impairment	–	(13,736)
Disposal	(15,116)	–
	–	1,380
Movement in allowance for impairment:		
At 1 January	13,736	15,116
Reversal of impairment loss credited to profit or loss	–	(1,380)
Disposal	(13,736)	–
At 31 December	–	13,736

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

Nordic International Limited ("NIL")

On 10 February 2012, the joint venture partner of Nordic International Limited ("NIL"), Morten Innhaug ("Morten") served the Group with notice of arbitration claiming deadlock pursuant to Clause 11 of the Shareholders' Agreement of NIL.

Subsequent to the ruling by the Tribunal in Singapore International Arbitration Centre ("SIAC") Arbitration No. 4/2012 in October 2013, on 27 November 2013 and 8 January 2014, the SIAC made procedural directions to appoint third party professional firms to assist in the valuation of NIL shares as at 2 December 2011. The Group had in 2016 made full impairment on the asset held for sale.

On 5 January 2017, the SIAC has refrained from formally making an order terminating the proceedings as questions of legal costs and arbitration costs, including fee of the experts, remain outstanding and the SIAC will hear counsel on what might be an appropriate final award to finalise the proceedings.

On 1 March 2017, the Group announced that its wholly-subsiary, Sinwa SS (HK) Co. Limited ("Sinwa SS HK"), has received the termination order submitted to the SIAC, in relation to the valuation of NIL's shares, by the joint venture partner.

The SIAC has ruled that the arbitration proceedings are hereby terminated as the SIAC finds that the continuation of the proceedings has become unnecessary or impossible. The SIAC also ruled that pursuant to Rules 30.7 and 32 of the SIAC Rules 2010, the amount of the costs of arbitration shall be finally determined by the Registrar of the Singapore International Arbitration Centre, and upon payment of such sums as the Registrar may fix, the file in SIAC Arbitration No. 004 of 2012 shall be closed.

On 8 December 2017, Sinwa SS HK and NIL have entered into two (2) full and final deeds of settlement to resolve all the dispute between all parties arising out of and/or connected with Sinwa SS HK and Morten's shareholding in NIL, and arising from Seismic vessel including but not limited to the settlement of the BGP Arbitration and Suit 875 *NIL Vs Morten* for breach of fiduciary duties, respectively.

The two (2) final deeds of settlement are:

- (a) Deed of Settlement with Morten, Nordic Maritime Pte. Ltd, Nordic Geo Services Limited, and BGP Geopexplorer Pte. Ltd. ("BGP"); whereby BGP will pay NIL US\$750,000 (the "BGP Settlement Sum"); and
- (b) Deed of Settlement with Morten, Nordic Maritime Pte. Ltd, and Nordic Geo Services Limited; whereby
 - (i) Morten will pay Sinwa SS HK US\$500,000 within five (5) years with an option to extend for three (3) years from the date of expiration of the initial 5-year repayment period; and
 - (ii) Sinwa SS HK will be paid the BGP Settlement Sum and the entire balance in any and/or all NIL's existing bank accounts (the "balance of NIL's Banks Accounts"), amounting to US\$316,000. Upon Sinwa SS HK's receipt of the BGP Settlement Sum and the Balance of NIL's Bank Accounts, Sinwa SS HK shall transfer its shareholding in NIL to Morten.

On 5 January 2018, the Group has received an amount of US\$1,066,000 (equivalent to \$1,380,000) from NIL representing the settlement for (a) and (b)(ii) above. The Group recognised a reversal of impairment of \$1,380,000 in the other income-net in 2017. Notwithstanding this, management is of the view that economic benefits arising from the settlement (b)(i) are not expected to flow in. Management will continue to pursue the amount from settlement (b)(i) within the mentioned period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. CASH, BANK BALANCES AND FIXED DEPOSITS

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at banks	1,111	9,074	1,089	272
Fixed deposits	22,228	16,894	22,228	16,894
Cash on hand	–	175	–	–
Cash and cash equivalents in the statement of cash flows	23,339	26,143	23,317	17,166

Fixed deposits bear effective interest rate of 1.60% – 2.80% (2017: 0.98% – 1.88%) per annum and for tenures of approximately 30 days (2017: 30 days).

The Group's and the Company's cash, bank balances and fixed deposits are denominated in the following currencies:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Singapore dollar	17,853	12,529	17,843	7,256
United States dollar	19	7,390	16	5,819
Australian dollar	5,458	5,282	5,458	4,091
Thai baht	–	839	–	–
Others	9	103	–	–
	23,339	26,143	23,317	17,166

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	2018 \$'000	2017 \$'000
Cash and bank balances from continuing operations	23,339	26,143
Cash and bank balances from discontinued operations	10,760	–
Cash and cash equivalents	34,099	26,143

21. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2018 Number of ordinary shares	2017 Number of ordinary shares	2018 \$'000	2017 \$'000
Issued share capital				
Issued and paid up:				
At 1 January and at 31 December	343,256,867	343,256,867	41,963	41,963
Treasury shares				
At 1 January and at 31 December	(2,177,532)	(2,177,532)	(961)	(961)

All issued ordinary shares are fully paid and there is no par value for these ordinary shares.

With the exception of treasury shares, the holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at the meeting of the Company. All shares rank equally with regards to the Company's residual assets.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. OTHER RESERVES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Capital reserve	108	108	108	108
Foreign currency translation reserve	–	(4,159)	–	–
Revaluation reserve	–	17,489	–	–
	108	13,438	108	108
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale				
– Foreign currency translation reserve	(4,792)	–	–	–
– Revaluation reserve	17,821	–	–	–
	13,029	–	–	–
	13,137	13,438	108	108
Movement:				
(1) Capital reserve				
At 1 January and at 31 December	108	108	108	108
(2) Foreign currency translation reserve				
At 1 January	(4,159)	(4,092)	–	–
Exchange differences arising on translation of foreign operations	(633)	(67)	–	–
At 31 December	(4,792)	(4,159)	–	–
(3) Revaluation reserve				
At 1 January	17,489	12,835	–	–
Gain on revaluation on leasehold land and building	400	5,607	–	–
Deferred tax liabilities related to the gain on revaluation	(68)	(953)	–	–
At 31 December	17,821	17,489	–	–

The capital reserve represents the amount arising from the issuance of treasury shares to an employee of the Group. This reserve is non-distributable.

The foreign currency translation reserve represents exchange differences arising from the translation of financial statements of certain entities within the Group whose functional currencies are different from that of the Group's presentation currency. This reserve is non-distributable.

Revaluation reserve relates to the revaluation of land and buildings, net of tax. This reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. FINANCE LEASES

	Minimum lease payments \$'000	Future finance charges \$'000	Present value of minimum lease payments \$'000
Group			
2018			
Minimum lease payable:			
Due within one year	–	–	–
Within two to five years	–	–	–
Total	–	–	–
2017			
Minimum lease payable:			
Due within one year	67	(7)	60
Within two to five years	122	(13)	109
Total	189	(20)	169

As at 31 December 2018, finance leases were reclassified to liabilities of disposal group held for sale. In 2017, the lease terms were repayable over 3 to 5 years.

The effective rate of interest for finance leases in 2017 were ranged from 4.68% to 6.00% per annum. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases were secured by the lessor's charge over the leased assets. The Group's finance leases are denominated in Singapore dollar. The carrying amounts of the non-current finance leases approximate their fair values.

24. BORROWINGS

	Group and Company	
	2018	2017
	\$'000	\$'000
Secured short term borrowing	–	3,000

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value 31 December 2018 \$'000	Carrying amount 31 December 2018 \$'000	Face value 31 December 2017 \$'000	Carrying Amount 31 December 2017 \$'000
		%					
Group							
Secured short term borrowings ⁽¹⁾	SGD	1.48%-1.96%	2018	–	–	3,000	3,000

(1) Secured by certain leasehold properties and corporate guarantee by a subsidiary.

The weighted average effective interest rate for the term loans was 1.96% (2017: 1.96%) per annum. During the financial year, borrowings were fully repaid.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade payables:				
Third parties	404	24,576	404	–
PRC licensees	–	357	–	–
Accrued liabilities	–	4,309	–	318
Other payables:				
Third parties	151	6,198	120	1,563
PRC licensees	–	80	–	–
Subsidiaries – non-trade	–	–	–	3,207
Total trade and other payables	555	35,520	524	5,088

The average credit period taken to settle the trade payables is about 90 days (2017: 90 days). Other payables are short-term in nature. The carrying amounts approximate their fair values.

Non-trade amounts due to subsidiaries were mainly payment on behalf, unsecured, interest-free and repayable on demand.

The Group's and the Company's trade and other payables are denominated in the following currencies:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Singapore dollar	533	28,790	524	5,088
United States dollar	–	916	–	–
Australian dollar	–	4,412	–	–
Thai baht	–	1,013	–	–
Others	22	389	–	–
	555	35,520	524	5,088

26. DIVIDENDS

Dividends (one-tier exempt tax) paid during the financial year:

	Group and Company	
	2018 \$'000	2017 \$'000
By the Company:		
Interim dividend of \$0.005 per share (2017: \$0.005 per share)	1,705	1,705
Final dividend of \$0.0075 per share for financial year 2018 (2017: Final dividend of \$0.012 per share for financial year 2016)	2,559	4,093
	4,264	5,798

Subsequent to the year end, the directors propose a special interim dividend of \$0.190 per share (one-tier exempt tax) totaling \$64,805,000 which will be paid to shareholders of the Company. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. COMMITMENTS

Operating lease commitments (when the Group is a lessee)

At the end of the financial year, commitments in respect of non-cancellable operating leases with a term of more than one year are as follows:

	Group	
	2018 \$'000	2017 \$'000
Future minimum lease payments payable:		
Within one year	–	624
Within two to five years	–	1,156
After five years	–	4,493
	–	6,273
Rental expense for the year	640	748

Operating lease payments represent rentals payable for the Group's JTC leasehold properties in Singapore and other overseas premises.

The lease rental terms on the Group's JTC leasehold properties are negotiated for an average term of 30+30 years. For overseas premises, leases are negotiated for an average term of three years.

28. CONTINGENT LIABILITIES, UNSECURED

As at the end of the financial year, the Company had given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

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 the 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

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (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 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).
 - (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.

Related corporations

There are transactions and arrangements between the Company and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, repayable on demand and interest-free unless otherwise stated. For non-current balances, an interest is imputed based on the cost of borrowing unless the loan forms part of the Company's net investments in subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions during the financial year entered into at rates and terms agreed between the parties:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Dividend income from subsidiaries	–	–	4,600	10,000
Management fee income from subsidiaries	–	–	5,034	5,542
Interest income from subsidiaries	–	–	445	420
Rental expenses to a subsidiary	–	–	(38)	(32)
Purchase of services from joint venture	200	310	–	–

There are transactions and arrangements between the Company and other related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, interest-free and repayable on demand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties

During the financial year, the Group had the following transactions based on rates and terms agreed between the parties:

	Group	
	2018 \$'000	2017 \$'000
Rental paid to Evenstar (Australia) Pty Ltd by an Australian subsidiary	141	142

Evenstar (Australia) Pty Ltd is a company owned by Sim Yong Teng, who is an Executive Director of the Company.

Key management personnel compensation

	Group	
	2018 \$'000	2017 \$'000
Salaries, fees and other short-term employment benefits	3,730	3,361
Contributions to defined contribution plan	92	92
	3,822	3,453

The above amounts are related to the following:

	Group	
	2018 \$'000	2017 \$'000
Directors of the Company	2,482	2,252
Other key management personnel	1,340	1,201
	3,822	3,453

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management personnel compensation are for the directors of the Company (including directors' fees of Independent Directors) and other key management personnel in the Group.

30. STATEMENT OF OPERATIONS BY SEGMENT

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (Note 2.21).

Segment reporting policy

A segment is a distinguishable component of the Group within a particular economic environment (geographical segment) and to a particular industry (business segment) which is subject to risks and rewards that are different from those of other economic environment and business segments respectively.

Intersegment pricing is determined based on an arm's length basis and these transactions are eliminated on consolidation. Segment results, assets and liabilities include items directly attributable to a segment. Unallocated items mainly comprise corporate assets and liabilities and profit or loss items that are not directly attributable to a segment or those that cannot be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Segment reporting policy (Continued)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's business and geographical segments. Business segments are based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group. In presenting information on the basis of geographical segments, segment revenue and segment assets are recognised based on the countries in which the entities owning the revenue generating assets are incorporated.

The Group, which serves sea-going vessels and the offshore industry in Singapore, Thailand, the PRC, Hong Kong and Australia is principally engaged in the following business activities:

Marine supply ("Supply")

The Group supplies deck stores, engine stores, electrical stores, safety equipment, general consumables and tools, provisions and bonded stores (duty free liquor and tobacco products).

General ship agency and marine logistics

(i) General ship agency ("Agency")

The Group services ship owners, ship managers and oil rig operators in matters relating to their crew, vessels and oil rigs arriving at and departing from Singapore. These matters include port and customs clearances and documentation, deslopping and sludge removal and other matters as requested from time to time.

(ii) Marine logistics ("Logistics")

The Group also provides ship and rig owners with temporary and medium to long-term storage of goods and equipment; trans-shipment and other logistics support.

Charter

The Group has a joint venture which owns a seismic vessel and another joint venture owns a launch vessel. The former joint venture has been classified as asset held for sale (Note 19).

Property holding

Warehouse cum office facilities in Henderson and Karratha in Australia are classified in the property holding segment to monitor its property holding revenue.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses. Unallocated segments include the Group's remaining investment holding activities which are not included within reportable segments as they are not separately reported to the chief operating decision-maker.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments

2018

Group revenue

Revenue from external customers in:

- Continuing operations
- Discontinued operations

Inter-segment revenue

Total revenue

	Supply \$'000	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Elimination \$'000	Consolidated \$'000
	80	–	–	–	–	80
	169,789	3,684	–	137	–	173,610
	394	580	–	2,874	(3,848)	–
	170,263	4,264	–	3,011	(3,848)	173,690

Discontinued operations

Continuing operations

	Supply \$'000	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Total \$'000	Unallocated \$'000	Consolidated \$'000
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	17,362	508	–	1,474	19,344	(5,014)	14,330
	14	–	–	–	14	352	366
	(7)	–	–	–	(7)	(9)	(16)
	(1,125)	(26)	–	(1,969)	(3,120)	(31)	(3,151)
	–	–	–	270	270	–	270
	–	–	–	–	–	(2)	(2)
	–	–	–	–	–	(10)	(10)
	16,244	482	–	(225)	16,501	(4,714)	11,787
	(1,283)	(40)	–	(16)	(1,339)	(272)	(1,611)
	14,961	442	–	(241)	15,162	(4,986)	10,176

2018

Group profit/(loss)

Profit/(Loss) before interest, income tax,

depreciation and amortisation

Interest income

Interest expense

Depreciation

Allowance for impairment loss on freehold land,

leasehold land and buildings

Reversal of allowance for impairment on asset

held for sale

Share of loss in joint venture

Profit/(Loss) before income tax

Income tax expense

Profit/(Loss) for the year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

		Discontinued operations			Continuing operations	
	Supply \$'000	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Total \$'000	Consolidated \$'000
2018						
Group assets and liabilities						
Segment assets	60,538	1,597	–	39,719	101,854	101,854
Unallocated corporate assets	–	–	–	–	–	23,409
Total assets						125,263
Segment liabilities	32,857	309	–	2,794	35,960	35,960
Unallocated corporate liabilities	–	–	–	–	–	755
Total liabilities						36,715
Other segment information						
Capital expenditures	612	–	–	502	1,114	1,114
<i>Material non-cash items:</i>						
Allowance for doubtful trade receivables	(68)	–	–	–	(68)	(68)
Reversal of doubtful other receivables	428	–	–	–	428	428
Bad debt written off (trade)	(47)	(2)	–	–	(49)	(49)
Bad debt written off (non-trade)	(166)	–	–	–	(166)	(166)
Gain on disposal of property, plant and equipment, net	32	–	–	–	32	86
Reversal of impairment loss on freehold land and buildings	–	–	–	270	270	270
Inventory written off	(4)	–	–	–	(4)	(7)
Property, plant and equipment written off	(6)	–	–	–	(6)	(6)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2017

Group revenue

Revenue from external customers in:

- Continuing operations
- Discontinued operations

Inter-segment revenue

Total revenue

	Supply \$'000	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Elimination \$'000	Consolidated \$'000
	198	–	–	–	–	198
	168,765	3,477	–	154	–	172,396
	480	616	–	1,960	(3,056)	–
	169,443	4,093	–	2,114	(3,056)	172,594

Discontinued operations

Continuing operations

	Supply \$'000 (Restated)	Agency & logistics \$'000 (Restated)	Charter \$'000 (Restated)	Property holding \$'000 (Restated)	Total \$'000 (Restated)	Others \$'000 (Restated)	Consolidated \$'000
	16,961	463	–	504	17,928	(5,665)	12,263
	12	–	–	–	12	202	214
	(7)	–	–	–	(7)	(61)	(68)
	(1,001)	(25)	–	(1,274)	(2,300)	(34)	(2,334)
	–	–	–	(174)	(174)	–	(174)
	–	–	–	–	–	1,380	1,380
	–	–	–	–	–	10	10
	15,965	438	–	(944)	15,459	(4,168)	11,291
	(1,420)	(37)	–	(58)	(1,515)	(263)	(1,778)
	14,545	401	–	(1,002)	13,944	(4,431)	9,513

2017

Group profit/(loss)

Profit/(Loss) before interest, income tax,

depreciation and amortisation

Interest income

Interest expense

Depreciation

Allowance for impairment loss on freehold land,

leasehold land and buildings

Reversal of impairment on asset held for sale

Share of profit in joint venture

Profit/(Loss) before income tax

Income tax expense

Profit/(Loss) for the year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2017

Group assets and liabilities

Segment assets

Unallocated corporate assets

Total assets

Segment liabilities

Unallocated corporate liabilities

Total liabilities

Other segment information

Capital expenditures

	Supply \$'000	Agency & logistics \$'000	Charter \$'000	Property holding \$'000	Unallocated \$'000	Consolidated \$'000
Segment assets	63,519	1,108	15	41,631	–	106,273
Unallocated corporate assets	–	–	–	–	19,642	19,642
Total assets	34,204	382	14	3,240	–	125,915
Segment liabilities	–	–	–	–	–	37,840
Unallocated corporate liabilities	–	–	–	–	5,138	5,138
Total liabilities	–	–	–	–	–	42,978
Capital expenditures	2,055	–	–	3,421	–	5,476

	Discontinued operations			Continuing operations		
	Supply \$'000 (Restated)	Agency & logistics \$'000 (Restated)	Charter \$'000 (Restated)	Property holding \$'000 (Restated)	Total \$'000 (Restated)	Consolidated \$'000
Segment assets	9	–	–	–	9	9
Unallocated corporate assets	(159)	–	–	–	(159)	(159)
Total assets	(7)	–	–	–	(7)	(5)
Segment liabilities	10	–	–	–	10	10
Unallocated corporate liabilities	–	–	–	(174)	(174)	(174)
Total liabilities	–	–	–	–	–	–
Capital expenditures	–	–	–	–	–	1,380
	(24)	–	–	–	(24)	(24)

Material non-cash items:

Write back of allowance for doubtful trade receivables

Allowance for doubtful other receivables

Bad debt written off (trade)

Gain on disposal of property, plant and equipment

Allowance for impairment loss on freehold land,

leasehold land and buildings

Reversal of allowance for impairment on

assets held for sale

Property, plant and equipment written off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Geographical Segments

Group	Revenue from external customers		Non-current assets ⁽¹⁾	
	2018 \$'000	2017 \$'000 (Restated)	2018 \$'000	2017 \$'000
<i>Relates to continuing operations:</i>				
Australia	80	198	–	–
<i>Relates to discontinued operations:</i>				
Singapore	124,724	130,087	33,924	35,850
Australia	31,971	25,592	10,245	11,067
Others	16,915	16,717	134	87
	173,690	172,594	44,303	47,004

(1) Excluded deferred tax assets.

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Categories of financial instruments

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

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assets				
Trade and other receivables	54	45,305	15,899	26,812
Cash, bank balances and fixed deposits	23,339	26,143	23,317	17,166
Loans to subsidiaries	–	–	–	20,551
Total loan and receivables	23,393	71,448	39,216	64,529
Available-for-sale financial asset	–	34	–	–
Total financial assets	23,393	71,482	39,216	64,529
Financial liabilities				
Trade and other payables	555	35,520	524	5,088
Finance leases	–	169	–	–
Borrowings	–	3,000	–	3,000
Total financial liabilities at amortised cost	555	38,689	524	8,088

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management

General risk management principles

The main risks arising from the entity's financial instruments are foreign exchange risk, interest rate risk, liquidity risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Foreign exchange risk management

The Group and the Company are exposed to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. The Group's and the Company's overall financial risk management programme seeks to minimise potential adverse effects on the financial performance and position of the Group and the Company. The Group's and the Company's overall risk management are determined and carried out by the management. The Group and the Company do not hold or issue derivative financial instruments for speculative purposes.

The Group and the Company are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar. The Group and the Company monitor the movement in foreign currency exchange rates closely to minimise the exposure.

The breakdown of the carrying amounts of monetary assets and monetary liabilities at the reporting date by currency are as follows:

	Group				Company			
	Monetary liabilities		Monetary Assets		Monetary liabilities		Monetary Assets	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Singapore dollar	533	31,959	17,907	48,215	524	8,088	30,397	45,319
Australian dollar	–	4,412	5,458	10,235	–	–	8,803	13,277
United States dollar	–	916	19	8,193	–	–	16	5,933
Thai Baht	–	1,013	–	4,645	–	–	–	–
Others	22	389	9	194	–	–	–	–
	555	38,689	23,393	71,482	524	8,088	39,216	64,529

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis

In current year, the Group and the Company transact their businesses mainly in Singapore dollar and Australian dollar.

The following table details the Group's and the Company's sensitivity to a 10% change in the relevant foreign currencies against the Singapore dollar. 10% (2017: 10%) is the sensitivity rate used when reporting foreign currency risk. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates.

If the relevant foreign currency changes by 10% (2017: 10%) against the functional currency of the Group and the Company, profit or loss will increase or (decrease) by:

	Group Profit/(Loss)		Company Profit/(Loss)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Australian dollar				
Strengthen 10%	546	582	880	1,328
Weaken 10%	(546)	(582)	(880)	(1,328)

The potential impact on the profit or loss of the Group and the Company as described in the sensitivity analysis above is attributable mainly to the Group's and the Company's foreign exchange rate exposure on receivables and payables at year end.

(ii) Interest rate risk management

The Group's and the Company's policy is to strive to maintain cash and cash equivalents and borrowings in fixed rate instruments. However, the Group's and the Company's borrowings are mostly charged at variable rates. It is the Group's policy to obtain quotes from reputable banks to ensure that the most favourable rates are made available to the Group.

In the previous financial year, borrowings at variable rates expose the Group and the Company to cash flow interest rate risk. Borrowings at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company monitor the movement in interest rates closely to ensure actions can be taken to minimise exposures as considered necessary. A summary of the quantitative data of the Group's and the Company's interest-bearing financial instruments can be found in Note 24.

As at 31 December 2018, the Group has no borrowing and do not consider interest rate sensitivity as a risk to the business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iii) Liquidity risk management

The Group and the Company maintain sufficient cash and cash equivalents and internally generated cash flows to finance their activities. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available. The Group's and the Company's policy is to ensure continuity of funding and where necessary, a certain percentage of the borrowings should mature within 1 year. Short-term flexibility is achieved by working capital credit facilities.

Liquidity risk analysis

The following details the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earliest date of which the Group and the Company are expected to receive or pay. The table includes interest and principal cash flows.

	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	Total contractual cash flows \$'000	Total carrying amount \$'000
Group				
Financial liabilities				
Trade and other payables	555	–	555	555
At 31 December 2018	555	–	555	555
Finance leases	67	122	189	169
Borrowings	3,005	–	3,005	3,000
Trade and other payables	35,520	–	35,520	35,520
At 31 December 2017	38,592	122	38,714	38,689
Financial assets				
Cash, bank balances and fixed deposits	23,339	–	23,339	23,339
Trade and other receivables [#]	54	–	54	54
At 31 December 2018	23,393	–	23,393	23,393
Cash, bank balances and fixed deposits	26,167	–	26,167	26,143
Trade and other receivables [#]	44,969	–	44,969	44,969
At 31 December 2017	71,136	–	71,136	71,112

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iii) Liquidity risk management (Continued)

Liquidity risk analysis (Continued)

	On demand or within 1 Year \$'000	Within 2 to 5 years \$'000	Total contractual cash flows \$'000	Total carrying amount \$'000
Company				
Financial liabilities				
Trade and other payables	524	–	524	524
At 31 December 2018	524	–	524	524
Borrowings	3,005	–	3,005	3,000
Trade and other payables	5,088	–	5,088	5,088
At 31 December 2017	8,093	–	8,093	8,088
Financial assets				
Cash, bank balances and fixed deposits	23,317	–	23,317	23,317
Trade and other receivables [#]	54	–	54	54
At 31 December 2018	23,371	–	23,371	23,371
Cash, bank balances and fixed deposits	17,190	–	17,190	17,166
Trade and other receivables [#]	26,746	–	26,746	26,746
At 31 December 2017	43,936	–	43,936	43,912

[#] Trade and other receivables exclude non-current receivables due from joint venture and PRC licensees (Note 17) and loans to subsidiaries (Note 14).

(iv) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's credit risk arises mainly from bank balances and trade and other receivables carried at amortised cost. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risks, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

Due to the nature of the industry that the Group operates in where repayment periods are generally longer and the industry and Group's customary practise, the Group has rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due. The Group has determined that there has been a significant increase in credit risk since initial recognition when financial assets are more than 90 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising Expected Credit Losses ("ECL")
1	Low credit risks ^{Note 1}	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 90 days past due	12-months ECL
3	Significant increase in credit risks since initial recognition ^{Note 2} or financial asset is > 90 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{†Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 1 year past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >1 year past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 1 year past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

Trade receivables (Note 17)

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (e.g. Singapore, Australia and Thailand) and the growth rates of the major industries which its customers operate in.

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The loss allowance for trade receivables are determined as follows:

	Current	Past due < 6 months	Past due 6 months to 12 months	Past due more than 12 months	Total
31 December 2018					
Expected credit loss rates	0%	0%	0%	98.5%	98.5%
Trade receivables (gross)	25,915	14,636	306	658	41,515
Loss allowance	—	—	—	648	648
1 January 2018					
Expected credit loss rates	0%	0%	0%	57.8%	57.8%
Trade receivables (gross)	24,757	17,996	892	1,062	44,707
Loss allowance	—	—	—	614	614

In the prior financial year, allowance was made relating to debtors with significant financial difficulties. The management estimated the irrecoverable amounts by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Group will make allowances or write off the debts on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade receivables is as follows:

Internal credit risk grading	Trade receivables		
	Note (i) \$'000	Category 4 \$'000	Total \$'000
Loss allowance			
Balance at 1 January 2018	–	614	614
Written off recognised	–	(34)	(34)
Impairment loss recognised	–	68	68
Balance at 31 December 2018	–	648	648
Gross carrying amount			
At 1 January 2018	44,093	614	44,707
At 31 December 2018	40,867	648	41,515
Net carrying amount			
At 1 January 2018	44,093	–	44,093
At 31 December 2018	40,867	–	40,867

Note (i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

Other receivables (Note 17)

As of 31 December 2018, the Company recorded other receivables from subsidiaries of \$28,244,000 (31 December 2017: \$25,180,000) consequent to an extension of loans to the subsidiaries. The Company assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 December 2018, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in.

32. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of applicable assets and liabilities, are determined and categorised using a fair value hierarchy as follows:

- Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.
- Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

33. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES

As a first-time adopter of SFRS(I), the Group has retrospectively applied the accounting policies based on each applicable SFRS(I) effective as at 31 December 2018, being the end of the first SFRS(I) reporting period, except for areas of mandatory exceptions and the application of certain optional exemptions as set out in SFRS(I) 1. In the adoption of SFRS(I), the Group concurrently applied the following relevant new and amended SFRS(I)s and SFRS(I) INT that are similarly mandatorily effective from 1 January 2018:

SFRS(I) 2	<i>Amendments to SFRS(I) 2: Classification and measurement of share-based payment transactions</i>
SFRS(I) 9	<i>Financial instruments ("SFRS(I) 9")</i>
SFRS(I) 15	<i>Revenue from contracts with customers ("SFRS(I) 15")</i>
SFRS(I) 1-40	<i>Amendments to SFRS(I) 1-40: Transfers of investment property</i>
SFRS(I) INT 22	<i>Foreign currency transactions and advance consideration</i>
Improvements to SFRS(I) (December 2016)	<i>Measuring an associate or joint venture at fair value</i>
– Amendments to SFRS(I) 1-28:	

With the Disposal and the subsequent Australian Properties Sale (Note 9), the Group and the Company adopted SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* for the financial year ended 31 December 2018 and accounted the Disposal Group's operation as "Discontinued Operations". Thereafter, cash and bank balance is the only significant monetary assets and liabilities that the Group and the Company recorded in the statement of financial position.

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. Other than disclosed below, the adoption of these new/revised SFRS(I) and SFRS(I) INT did not have material effect on the financial statements.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 sets out the requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification of financial assets

Based on facts and circumstances existing as of 1 January 2018, the Group has classified its financial assets into financial assets subsequently measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33. ADOPTION OF NEW FINANCIAL REPORTING FRAMEWORK AND ACCOUNTING POLICIES (CONTINUED)

SFRS(I) 9 Financial Instruments (Continued)

Classification of financial assets (Continued)

The Group has adopted SFRS(I) 9 retrospectively but did not restate the comparatives by applying the optional exemption provided in SFRS(I) 1. Accordingly, the comparative information was prepared in accordance with the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* and disclosures were made in accordance with FRS 107 *Financial Instruments: Disclosure* as applicable.

In the preceding financial year, the Group has prepared the financial statements in accordance with the Singapore Financial Reporting Standards ("FRS").

The effects of adopting SFRS(I) 9 at the date of initial application being 1 January 2018 is summarised below:

	31 December 2017 FRS 39 \$'000 (Restated)	Reclassification \$'000	1 January 2018 SFRS(I) 9 \$'000 (Restated)
Available-for-sale financial assets	34	(34)	–
Financial assets at fair value through profit or loss	–	34	34

The nature of the adjustments is described below:

Designation of unquoted equity instruments as financial assets at fair value through profit or loss

Relating to unquoted equity instruments, the Group recognised these investments as financial assets at fair value through profit or loss. At the initial application of SFRS(I) 9 on 1 January 2018, the Group measured the unquoted equity instruments at fair value and there was no difference between the then carrying amount measured under FRS 39 and the fair value as of 1 January 2018.

34. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group and the Company manage its capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value. The capital structure of the Group and the Company consist of equity attributable to equity holders of the parent which comprises issued capital, reserves and retained earnings. The Group's overall strategy remains unchanged from 2017.

The Group's and the Company's management review the capital structure on quarterly basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group and the Company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. Consequent to the reclassification of assets and liabilities of the disposal group as held for sale, quantitative data relating to capital management is no longer directly comparable with the data of the previous financial year and is not meaningful.

The Group and the Company were in compliance with the externally imposed capital requirements by financial institutions for the financial year ended 31 December 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 26 February 2019, the Company proposed for the following exercises to be approved by shareholders at an extraordinary general meeting ("EGM"):

- (a) The Company undertakes a capital reduction exercise (the "Capital Reduction") pursuant to Section 78A and Section 78C of the Companies Act, Chapter 50 of Singapore to return to Shareholders surplus capital in excess of the Company's needs, by way of a cash distribution of approximately \$0.11 for each ordinary share (approximately \$37,519,000) in the share capital of the Company ("Share") held by Shareholders (the "Cash Distribution"); and
- (b) The name of the Company be changed from "Sinwa Limited" to "Winas Limited" (the "Change of Name").

The Capital Reduction and Cash Distribution will be effected in the following manner:

- (a) Reducing the issued and paid up share capital of the Company by approximately \$37,519,000 from \$41,002,000 to \$3,483,000; and
- (b) Distributing to shareholders the sum of approximately \$37,519,000 based on the issued and paid up share capital of the Company of \$41,002,000 comprising 341,079,335 Shares (excluding 2,177,532 treasury shares).

The Cash Distribution amount of \$37,519,000 comprises the issued and paid up capital in excess of the immediate requirements of the Company, assuming that the sale proceeds of \$8,600,000 from the Australian Properties Sale (Note 9) are received by the end of April 2019.

Upon the completion of the Capital Reduction and Cash Distribution, the Company will have an issued and paid up share capital of \$3,483,000.

STATISTICS OF SHAREHOLDINGS

AS AT 19 MARCH 2019

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 19 MARCH 2019

No. of Issued shares : 341,079,335*
Class of share : Ordinary shares
Voting rights : One vote per share*

* Excluding non-voting 2,177,532 treasury share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	15	0.74	508	0.00
100 – 1,000	508	25.05	230,239	0.07
1,001 – 10,000	461	22.73	2,713,141	0.79
10,001 – 1,000,000	1,016	50.10	75,918,569	22.26
1,000,001 AND ABOVE	28	1.38	262,216,878	76.88
TOTAL	2,028	100.00	341,079,335	100.00

Note:

The percentage is based on 341,079,335 shares (excluding 2,177,532 shares held as treasury shares) as at 19 March 2019.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	EVENSTAR INVESTMENTS PTE LTD	140,147,928	41.09
2	RAFFLES NOMINEES (PTE.) LIMITED	27,179,700	7.97
3	CITIBANK NOMINEES SINGAPORE PTE LTD	14,974,700	4.39
4	KIM SENG HOLDINGS PTE LTD	11,640,500	3.41
5	LEE YUEN SHIH	8,747,356	2.56
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	6,188,563	1.81
7	DBS NOMINEES (PRIVATE) LIMITED	6,187,725	1.81
8	SIM YONG TENG	5,952,150	1.75
9	TAN LAY LING	4,773,500	1.40
10	CHIA KEE KOON	3,261,000	0.96
11	LIM BOON KEONG	3,100,000	0.91
12	HIMANSHU LALITRAI TIMBADIA	3,001,500	0.88
13	PHILLIP SECURITIES PTE LTD	2,957,350	0.87
14	UOB KAY HIAN PRIVATE LIMITED	2,335,800	0.68
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,245,100	0.66
16	TAY ENG KHIAM	2,225,000	0.65
17	OCBC SECURITIES PRIVATE LIMITED	2,152,288	0.63
18	HAI SIA SEAFOOD PTE LTD	1,973,000	0.58
19	RANN BRUCE WILLIAM	1,664,468	0.49
20	YEO LAI HUAT	1,500,000	0.44
TOTAL		252,207,628	73.94

STATISTICS OF SHAREHOLDINGS

AS AT 19 MARCH 2019

TREASURY SHARES

Total number of ordinary shares held in Treasury	:	2,177,532
Voting Rights	:	None
Percentage of this shareholding against total number of issued shares excluding Treasury Shares	:	0.64%

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest		Deemed Interests	
	No. of Shares	%	No. of Shares	%
Evenstar Investments Pte Ltd	140,147,928	41.09	—	—
Sim Yong Teng ⁽¹⁾	5,952,150	1.75	140,147,928	41.09
FMR LLC ⁽²⁾	—	—	27,224,900	7.98

Note:

- (1) Pursuant to section 7(4) of the Companies Act Chapter 50 (the “Act”), Mr Sim Yong Teng is deemed to be interested in the shares held by Evenstar Investments Pte Ltd.
- (2) FMR LLC is deemed to have an interest, by virtue of Section 7(4) of the Act, in shares acquired by the registered holders, FID Low Priced Stock Fund.

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 19 March 2019, approximately 46.15% of the issued ordinary shares of the Company are held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Sinwa Limited will be held at 28 Joo Koon Circle, Singapore 629057 on Tuesday, 30 April 2019 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Auditors' Report thereon. Resolution 1
2. To declare a special interim dividend of S\$0.19 per share (one-tier tax exempt) for the financial year ending 31 December 2019. Resolution 2
3. To re-elect the following Directors of the Company retiring pursuant to the following Regulation of the Constitution of the Company:
 - (i) Ms Tan Lay Ling (Retiring under Regulation 108) Resolution 3
 - (ii) Mr Heng Lee Seng (Retiring under Regulation 108) Resolution 4[See Explanatory Note (i)]
4. To approve the payment of Directors' fees of S\$78,000.00 for the financial year ending 31 December 2019, to be paid quarterly in arrears. (2018: S\$138,000.00) Resolution 5
5. To re-appoint Messrs Mazars LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. Resolution 6
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions as Ordinary Resolutions, with or without any amendments:

7. Authority to issue shares That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:
 - (a)
 - (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

(the "**Share Issue Mandate**")

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) and subsidiary holdings in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) and subsidiary holdings in the capital of the Company at the time of the passing of this Resolution, after adjusting for:–
 - (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares.
- (3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provision of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)]

By Order of the Board

Siau Kuei Lian

Company Secretary

Singapore

Date: 8 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Ms Tan Lay Ling will, upon re-election as a Director of the Company, remain as the Non-Executive Director and a member of Audit and Remuneration Committees will be considered non-independent. Please refer to Table A of the Corporate Governance Report on page 29 to page 32 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of SGX-ST.

Mr Heng Lee Seng will, upon re-election as a Director of the Company, remain as the Chairman of Audit Committee and a member of Nominating, Remuneration and Risk Management Committees. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Table A of the Corporate Governance Report on page 29 to page 32 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of SGX-ST.

- (ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) and subsidiary holdings in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company.

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

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified.)
3. The instrument appointing a proxy must be deposited at the registered office of the Company at 28 Joo Koon Circle, Singapore 629057 not less than seventy-two (72) hours before the time appointed for holding the AGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

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

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of Sinwa Limited (the "**Company**") will be closed on 8 May 2019 for the purpose of determining the entitlements of the Company's shareholders ("**Shareholders**") for the preparation of dividend warrants.

For the avoidance of doubt, in the case where the registered Shareholder is the Central Depository (Pte) Limited ("**CDP**") the dividend warrants shall be issued to the CDP and credited to the depositors' securities accounts with the CDP in proportion to the number of shares of the Company standing to the credit of each depositor's securities account with the CDP as at 5.00 pm (Singapore time) on 7 May 2019.

Duly completed transfers received by the Company's Registrars, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 up to 5.00 p.m. on 7 May 2019 will be registered to determine entitlements to the said dividend.

Payment of the dividend, if approved by the members at the AGM to be held on 30 April 2019, will be made on 16 May 2019.

By Order of the Board

Siau Kuei Lian

Company Secretary

Singapore

Date: 8 April 2019

SINWA LIMITED

Company Registration No. 200206542H
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____ (Name) _____ (NRIC/Passport No.)
of _____ (Address)
being a *member/members of Sinwa Limited (the "**Company**"), hereby appoint:

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

*and/or (delete as appropriate)

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

as *my/our *proxy/proxies or failing *him/her, the Chairman of the Meeting, to attend and vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at 28 Joo Koon Circle, Singapore 629057 on Tuesday, 30 April 2019 at 2.30 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

If you wish to exercise all your votes 'For' or 'Against', please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

No.	Resolutions relating to:	No. of votes 'For'	No. of votes 'Against'
1.	Audited Financial Statements for the financial year ended 31 December 2018		
2.	Payment of proposed special interim dividend of S\$0.19 per ordinary share		
3.	Re-election of Ms Tan Lay Ling as a Director		
4.	Re-election of Mr Heng Lee Seng as a Director		
5.	Approval of Directors' fees amounting to S\$78,000.00 for the financial year ending 31 December 2019		
6.	Re-appointment of Messrs Mazars LLP as Auditors and authority to Directors to fix remuneration		
7.	Authority to issue shares		

Dated this _____ day of _____ 2019

Total number of Ordinary Shares Held:

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

*Delete where inapplicable



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 28 Joo Koon Circle, Singapore 629057 not less than seventy-two (72) hours before the time appointed for holding the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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SINWA LIMITED

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