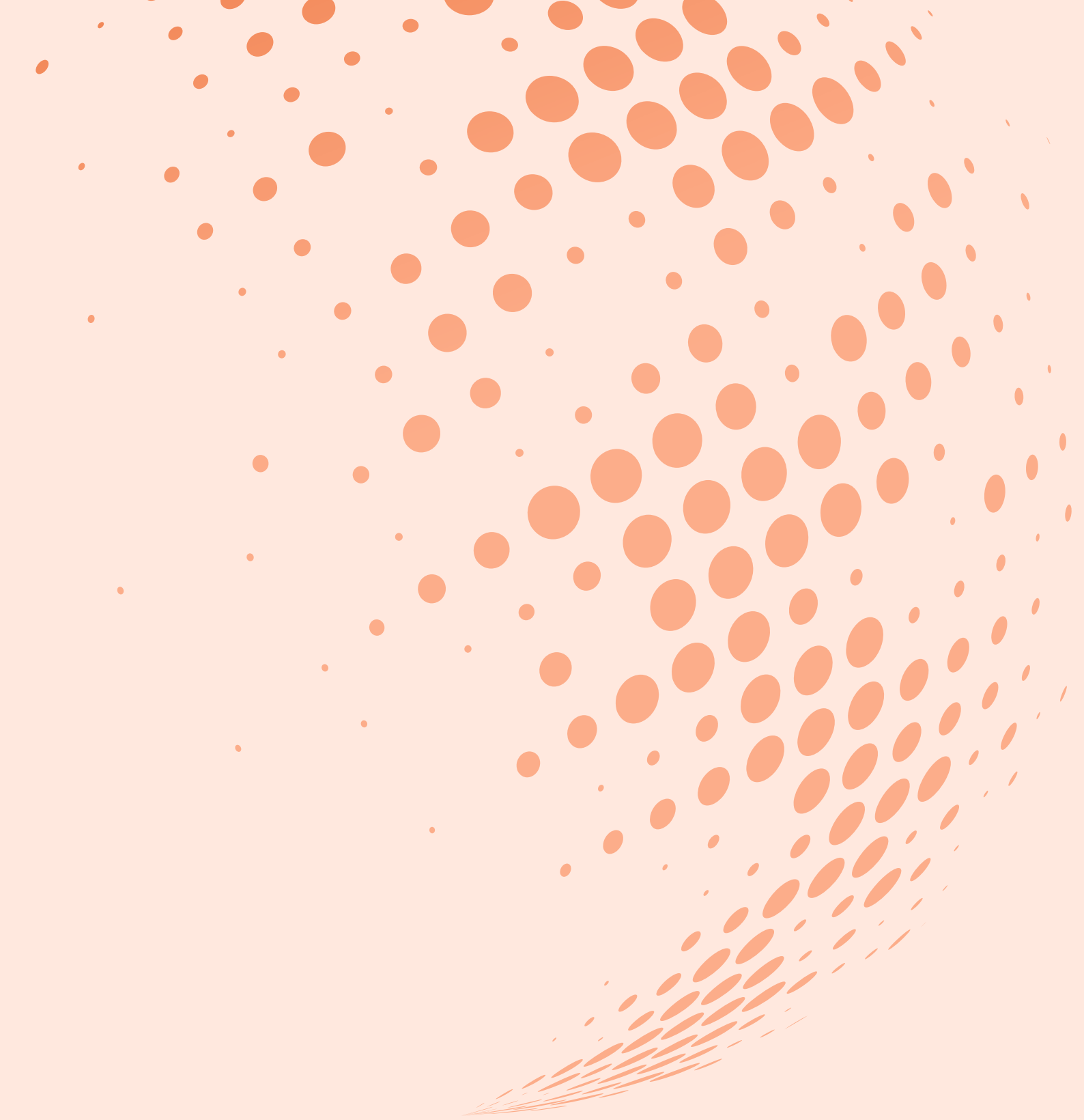




**WINAS
LIMITED**

2019
**ANNUAL
REPORT**

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CHAIRMAN'S MESSAGE

Dear Shareholders,

DISPOSAL OF SALE SUBSIDIARIES AND CASH COMPANY

In our 2018 annual report, I reported that (a) on 22 January 2019, Shareholders approved the Disposal of the Sale Subsidiaries (as defined in the 2018 Annual Report) and (b) 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.

Under Rule 1018 of the Listing Manual, the Company may be removed from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company, that is, by 31 January 2020.

SPECIAL DIVIDEND PAYMENT

At the Annual General Meeting held on 30 April 2019, Shareholders approved a special interim dividend of \$0.19 per ordinary shares for the financial year ending 31 December 2019. Payment of the special dividend to Shareholders was made on 16 May 2019.

THE CAPITAL REDUCTION AND CASH DISTRIBUTION, AND CHANGE OF NAME

At the Extraordinary General Meeting ("EGM") on 30 April 2019, Shareholders approved (a) the 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 Capital Reduction was completed on 20 June 2019. Following the completion of the Capital Reduction, the issued and paid-up share capital of the Company is S\$3,483,000.

The Cash Distribution amount of \$37,519,000 comprised 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) were received by end April 2019. Payment of the cash distribution to Shareholders was made on 12 July 2019.

NEW BUSINESS AND EXTENSION OF TIME

Following the Disposal of the Sale Subsidiaries on 1 February 2019, the Company has been evaluating opportunities including, but not limited to potential mergers and acquisition targets, which may result in a reverse takeover.

On 6 January 2020, the Company announced that the Board was in the process of evaluating the various options available for new business acquisitions and meeting several potential investors.

On 31 January 2020, the Company announced that it had on 24 January 2020 submitted an application to the SGX-ST for an extension of time to comply with Rule 1018 of the Listing Manual.

On 10 March 2020, the Company announced that the Board had on 9 March 2020 received a notification from the SGX-ST that an extension of time will not be granted for the Company to meet the requirements for a new listing pursuant to Rule 1018(2), and that in view of the foregoing, the Company will be delisted. Pursuant to Rule 1306, the Company or its controlling shareholder(s) must, subject to Rule 1308, comply with Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders.

Trading of the Company's securities will continue until 5.16 pm on 8 April 2020, and thereafter, will remain suspended from 9 am on 9 April 2020 until the completion of the cash exit offer.

The Company is disappointed that the extension of time was not granted. In view of the current depressed economic environment arising from the current COVID 19 situation and that voluntary liquidation is included as an exit offer under the Listing Rules, it is sensible that the Company distribute its net cash assets to Shareholders via a voluntary liquidation. The Company will seek the approval from Shareholders for a voluntary winding up.

THANK YOU

I thank all our Shareholders for your patience and understanding as we now attempt to complete the voluntary liquidation to distribute the net cash balance remaining in the Company back to the Shareholders. It has been an eventful, and for those of us who started this journey together with us at the very beginning, a rewarding ride.

I wish all of you the very best. Take care and stay safe.

Mike Sim
Executive Chairman
WINAS 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 33 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 33 years.

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 48 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.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

SIM YONG TENG
(Executive Chairman/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

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

YEO NAI MENG (Chairman)
HENG LEE SENG

REGISTERED OFFICE

30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.

30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

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 BANKER

United Overseas Bank Limited

80 Raffles Place
UOB Plaza
Singapore 048624

CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) and Management of Winas Limited (the “**Company**”) and its subsidiary (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 which was revised on 6 August 2018 (the “**2018 Code**”) and accompanying Practice Guidance, which supersedes the existing Code of Corporate Governance issued in 2012 (the “**2012 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 2018 Code and should be read as a whole, instead of being read separately under the different principles of the 2018 Code. The Company has complied in all material aspects with the principles and guidelines set out in the 2018 Code where it is applicable and practicable to the Company, and any deviations are explained in this report.

BOARD MATTERS

The Board’s Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

As of the date of this report, the Company is headed by an effective Board comprising three (3) Directors of whom one (1) is Executive Director and two (2) 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. The Board 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	Executive Director
Tan Lay Ling ²	Non-Executive Director
Heng Lee Seng	Independent Director
Yeo Nai Meng	Independent Director
Chng Loy Teoh Patrick ³	Independent Director

- 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 and resigned as Non-Executive director on 30 April 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

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 and hold management accountable for performance. The Board also sets the tone for the Group in respect of ethics, values and desired organisation culture, and also ensure proper accountability within the Group. Directors must avoid situations in which their own personal or business interest directly or indirectly conflict or potentially conflict, with the interest of the Group. Where a Director has a conflict or potential conflict of interest in relation to any matter, he will immediately declare his interest at the meeting of the Directors or send a written notice to the Chairman and/or Company Secretary, setting out the details of his/her interest and the conflict and rescue himself from any discussion on the matter and abstain from participating in any Board decision.

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;

CORPORATE GOVERNANCE

- 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.

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 2019 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)	4	4
Heng Lee Seng	4	4
Yeo Nai Meng	4	4

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.

CORPORATE GOVERNANCE

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**")

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

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. There was no new director appointed in FY2019. 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. 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 to enable them to assimilate into their roles.

The Board as a whole is updated regularly on risk management, 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 as well as the key amendments and impact of the 2018 Code and SGX-ST. The external auditors would update the AC and the Board on new and revised financial reporting standards annually.

CORPORATE GOVERNANCE

Multiple Board Representations

All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the director is able to carry out his/her duties adequately as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

The NC has reviewed and is satisfied that Mr Heng Lee Seng and Mr Yeo Nai Meng, with multiple board representations and other principal commitments, has been able to devote sufficient time and attention to the affairs of the Company to discharge their duties as directors of the Company, notwithstanding their multiple appointments and commitments in FY2019.

Access to information

All directors have unrestricted access to the Company's records and information. To assist the Board to fulfil its responsibilities, the management provides the directors with management reports that are complete, adequate and timely information on Board affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Group. For matters that require the Board's decision, relevant members of the management staff are invited to attend and present at a specific allocated time during the Board and Board committee meetings. Periodic financial reports, budgets, forecasts, material variance reports, disclosure documents are also provided to the directors, where appropriate, prior to the Board and Board committee meetings. In respect of budgets, any material variance between the projections and actual results would be disclosed and explained during the meeting. Directors are also informed of any significant developments or events relating to the Group. In addition, the directors are entitled to request from Management such additional information as needed to make informed decisions. Management ensures that any additional information requested for is provided to the directors in a timely manner.

Access to Management and Company Secretary

The directors have separate and independent access to the key management personnel at all times and there is no restriction of access to the key management personnel in carrying out their duties. Where necessary, the Company will, upon the request of directors (whether as a group or individually), provide them with independent professional advice, to enable them to discharge their duties and responsibilities effectively. The costs of such professional advice will be borne by the Company.

The directors have separate and independent access to the Company Secretary, who provides the directors with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary or her representatives attend all 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 role of the Company Secretary has been formally established in the letter of engagement with the Company. The responsibilities set out include advising the Board on governance matters and assisting the Chairman to ensure the information flow within the Board, Board Committees and between Management and Directors. The decision to appoint or remove the Company Secretary is made by the Board as a whole.

CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Board Composition

As of the date of this report, the Board comprises three (3) Directors, two (2) of whom Mr Heng Lee Seng and Mr Yeo Nai Meng are independent. 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 is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, qualifications, gender, age 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.

In view that the Company became a cash company on 1 February 2019, the Board is of the opinion that the current composition of three (3) Directors is sufficient to serve the needs of the Group, taking into account the cash company status and the interests of the shareholders, in reviewing the performance of Management in meeting agreed goals and objectives, and in monitoring the performance reporting.

Regular meeting for Independent Directors

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 and Executive Directors, to discuss and facilitate a more effective check on Management and provide feedback to the Chairman of the Board after such meetings. 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.

CORPORATE GOVERNANCE

Independence of the Board

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 substantial 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.

In line with Guideline 2.2 of the 2018 Code, the independent directors of the Company make up majority of the Board where the Chairman is not independent. The current Board composition complies with the Provision 2.3 of the 2018 Code where non-executive directors make up a majority 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 Provision 2.1 of the 2018 Code and the Nominating Committee Guide issued by Singapore Institute of Directors, requires each director to assess whether he considers himself independent despite of not having any of the relationships defined in the 2018 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 2018 Code. Although the Chairman is not an independent director, the Board considers that there is considerable accountability and transparency within the Group.

The NC had 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 has been no change to the circumstances since the findings and documents presented by the Consultants since the last review, except for their personal directors' disclosures, the members of NC were satisfied and unanimously agreed and confirm that Mr Heng and Mr Yeo are considered independent for the FY2019 under review. 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 13. Mr Heng and Mr Yeo have abstained from voting on any resolutions related to their independence and re-election.

Board diversity

Although there is no diversity policy adopted, the Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate.

In view that the Company is deemed a cash company, the Board, in concurrence of the NC, was of the view that the Directors current Board of three directors are sufficient and possess the necessary competencies to provide the management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

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

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual should represent a considerable concentration of power.

Separation of the Role of Chairman and the Chief Executive Officer ("CEO")

The Company became a cash company with no operational staff and thereupon the role of Chairman and CEO are currently held by Mr Sim Yong Teng in FY 2019. As the Executive Chairman, he 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 majority 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 acting 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.

CORPORATE GOVERNANCE

Lead Independent Director

The Board noted the requirements of appointing a lead independent director prescribed under the 2018 Code.

Although there is no Lead Independent Director appointed, the Chairman is assisted by Mr Heng Lee Seng and Mr Yeo Nai Meng, who are the independent directors. The independent directors will provide feedback to the Executive Chairman, as and when required. 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 view that no significant business activities in the Company during the FY2019.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment of new directors, taking into account the need for progressive renewal of the Board.

Nominating Committee composition

The Board established the NC which currently consists of the Executive Chairman, Mr Sim Yong Teng and two (2) Independent Directors, Mr Yeo Nai Meng and Mr Heng Lee Seng, a majority of whom are independent. The NC is chaired by Mr Yeo Nai Meng. Mr Chng Loy Teoh Patrick had resigned as a member of NC on 28 February 2019.

The NC Chairman is also an Independent Director who has no relationship with the Company, its related corporations, its substantial shareholders or its officer and is not associated with substantial 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.

Nominating Committee role

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;

CORPORATE GOVERNANCE

- 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 and criteria 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.

Board Renewal and Succession Planning

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.

The number of NC meetings held and the attendance of each member at the meetings during FY2019 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	N.A.
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

Directors' Time Commitments

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.

CORPORATE GOVERNANCE

Process for Appointment of New Directors and Re-appointment of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of Directors and Board Committee members.

Where the need to appoint a new Director arises, the NC will consider each candidate based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification, experience, ability to contribute effectively to the Board and to add value to the Group's business, in line with its strategic objectives before recommending the suitable candidate to the Board for approval.

Candidates may be suggested by directors or Management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. The Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

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
Heng Lee Seng	Independent Director	3 January 2003	30 April 2019
Yeo Nai Meng	Independent Director	19 April 2005	25 April 2018

The NC has recommended and the Board has approved the re-election of Mr Yeo Nai Meng, who is retiring at the forthcoming AGM. Details of the Directors seeking for re-election are found in Table A set out on page 33 to page 34 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 to his re-nomination as a director.

CORPORATE GOVERNANCE

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.

Continuous Review of Directors' Independence

The NC is also responsible for determining annually, the independence of Directors. The NC takes into account the circumstances set forth in Provision 2.1 of the 2018 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, considered that Mr Heng Lee Seng and Mr Yeo Nai Meng remain independent as there has been no changes to the circumstances since the findings and documents presented by the Consultant since the last review, except for their personal directors' disclosures. They abstain from voting on any resolution where it relates to their respective re-appointments.

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 32 of the Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each its board committees and individual directors.

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.

CORPORATE GOVERNANCE

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 a whole, its Board Committees and individual Directors annually. 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 FY2019 together with the performance evaluation of AC, RC and NC. In addition, the NC has implemented an annual self-assessment exercise to be performed individually by each director to assess his contribution to the Board's effectiveness. The evaluation results of the Board, Board Committees and individual assessments are reviewed and discussed by the NC. Any recommendation and suggestion arising from the evaluation exercise are circulated to the Board for consideration of the appropriate measures to be taken. Such assessments by the directors are useful and constructive, and this collective process has provided opportunities to obtain insightful feedback from each director on suggestions to enhance the effectiveness of the Board. These assessments have helped directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board. No external facilitator was used during the evaluation process.

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), value of contribution to the development of strategy, interactive skills and any other factors as may be determined by the NC.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.

RC Composition, Role and Framework

As at the date of this report, the RC comprises of two (2) independent Directors, Mr Heng Lee Seng and Mr Yeo Nai Meng, all of whom are independent. The RC is chaired by Mr Yeo Nai Meng. Mr Chng Loy Teoh Patrick had resigned as a member of RC on 28 February 2019 and Ms Tan Lay Ling had resigned as a member of RC on 30 April 2019. 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.

CORPORATE GOVERNANCE

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, including termination terms, 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 the Sinwa Share Option Scheme, Sinwa Share Plan and any other 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 FY2019 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 (resigned as member on 28 February 2019)	Independent	1	N.A.
Tan Lay Ling (appointed as member on 28 February 2019 and resigned as member on 30 April 2019)	Non-Executive	1	N.A.

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.

CORPORATE GOVERNANCE

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.

Remuneration experts

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. The RC, in considering the remuneration of all Directors, has neither sought external advice nor appointed remuneration consultants during the reporting financial year.

Termination clauses

In reviewing the service agreements of the Executive Directors and key management personnel of the Group, the RC will review the Group's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoids rewarding poor performance. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable and not overly generous.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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 Company is deemed a cash company on 1 February 2019, the Company does not have full time employee, save for Mr Sim Yong Teng, the Executive Chairman and Executive Director.

Remuneration of Non-Executive Directors

The Non-Executive and Independent Directors are paid Directors' fees taking into accounts factors including but not limited to effort and time spent, contribution, and the scope of responsibilities of the Directors. The RC is mindful that the remuneration for the Non-Executive and Independent Directors should not be excessive to the extent that their independence may be compromised and no Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE

The Board concurred with the RC that the proposed directors' fees for FY2019 is appropriate and not excessive, taking into consideration the current status of the Company as cash company in the FY2019, level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. 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.

Remuneration of Executive Directors and key management personnel

For FY2019 the Executive Director does not receive Directors' fees. The remuneration for the Executive Director is tied to the performance of the Group as a whole and the individual performance. The service contracts of the Executive Directors are subject to review by the RC.

Following by the completion of disposal of subsidiaries of the Company on 1 February 2019 (the "**Disposal**"), the service agreements entered into with (i) Mr Bruce William Rann, the previous Executive Director and CEO; and (ii) Ms Tan Lay Ling, non-executive director have been terminated and transferred to the operating disposed subsidiaries with effect from 1 February 2019 and 30 April 2019 respectively. The Company does not have any full time employee and key management personnel after the completion of the Disposal.

For FY2019, the RC has conducted an annual review of Mr Sim Yong Teng's revised terms of the service agreement and compensation to ensure that the remuneration of the Executive Director is commensurate with his 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 Director, which is 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.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company adopts a remuneration policy that comprises a fixed, variable component and benefits-in-kind, where applicable, taking into account amongst other factors, the individual's performance, the performance of the Group and industry practices.

The fixed and variable components are dependent on a key management personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of key management personnel with that of the shareholders in terms of value creation. Key performance indicators for key management personnel are aligned to the interests and value creation to all stakeholders.

CORPORATE GOVERNANCE

The breakdowns of the remuneration of the Directors of the Company for FY2019 are set out below:

	Salary (%)	Bonus (%)	Allowances and benefits (%)	Director's Fees (%)	Total (%)
A. Directors of the Company					
<u>Below S\$250,000</u>					
Sim Yong Teng	100	–	–	–	100
Heng Lee Seng	–	–	–	100	100
Yeo Nai Meng	–	–	–	100	100
Chng Loy Teoh Patrick ³	–	–	–	100	100
Bruce William Rann (CEO) ¹	–	–	–	–	–
Tan Lay Ling (COO) ²	–	–	–	–	–

1 Resigned as Executive Director of the Board on 1 February 2019

2 Retired as Non-Executive Director of the Board on 30 April 2019

3 Resigned as Independent Director of the Board on 28 February 2019

Based on the Sales & Purchase Agreement, all operational staff were transferred to the disposed entities together with its businesses as at 31 December 2018, and the Company therefore has no staff after the completion Disposal on 1 February 2019. Therefore, there is no key management personnel for the financial year ended 31 December 2019.

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, CEO and Substantial Shareholder

As at the date of this Report, there are no employees who are related to the Directors, CEO or substantial shareholder of the Company whose remuneration exceeded S\$100,000.

Shareholders' approval will be sought at the forthcoming AGM of the Company on 30 April 2020 for the payment of directors' fees proposed in advance for the financial year ending 31 December 2020 amounting to an aggregate of S\$47,000.

Following the completion of the Disposal and the Company became a cash company, 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 2019.

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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 AC ensures that Management maintains a sound system of risk management and internal controls to safeguard the interest of shareholders and the assets of the Group. Internal audit would not be required following to the Company became a cash company on 1 February 2019.

To ensure that internal controls and risk management processes are adequate and effective, the Board and AC rely on the assistance of the external auditors and their assurance to enable the Board and AC to carry out assessments of the effectiveness of key internal controls during the year.

There were no material non-compliance or weaknesses in internal controls or recommendations from the external auditors to further improve the internal controls.

For FY2019, the Board has received assurances from the Executive Director and the Financial Controller of the Company on the relevant period 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 adequate and effective to address financial, operational, compliance and information technology controls and risks management which the Group considers relevant and material to its operations.

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

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.

The Company has in place internal operational controls. However, as a consequence of the Disposal, the Company has ceased to have any operating subsidiaries or businesses and has become a Cash Company as defined under Rule 1018 of the Listing Manual of SGX-ST. Accordingly, the company had opened an escrow account with United Overseas Bank Limited, a bank licensed and approved by the Monetary Authority of Singapore and 90% of the cash balance of the Company has been deposited into the said escrow account.

The Company makes announcement of its financial results on a quarterly basis and monthly valuation of assets and utilisation of cash, and quarterly updates on milestones in obtaining a new business to the market in compliance with Rule 1018(1)(b) of the Listing Manual of SGX-ST.

On 31 January 2020, the Company announced that it had on 24 January 2020 applied to the SGX-ST for an extension of time to meet the requirements for a new listing under Rule 1018(2) of the Listing Manual.

On 10 March 2020, the Company announced that it had on 9 March 2020 received a notification from the SGX-ST that:

- (a) an extension of time will not be granted for the Company to meet the requirements for a new listing pursuant to Rule 1018(2) of the Listing Manual, and that in view of the foregoing, the Company will be delisted;
- (b) pursuant to Rule 1306 of the Listing Manual, the Company or its controlling shareholder(s) must, subject to Rule 1308 of the Listing Manual, comply with Rule 1309 of the Listing Manual which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders; and
- (c) trading of the Company's securities will continue until 5.16 pm on 8 April 2020, and thereafter, will remain suspended from 9 am on 9 April 2020 until the completion of the cash exit offer.

Accordingly, the Company intends to seek the approval of shareholders for a voluntary winding-up in due course.

CORPORATE GOVERNANCE

In view of the voluntarily liquidation process, the Board is of the view that it is not meaningful for the Company to submit the Sustainability Report for FY2019 at this juncture.

Audit Committee ("AC")

Principle 10: The Board has an AC which discharge its duties objectively.

Audit Committee Composition

The AC comprises of two (2) independent Directors, Mr Heng Lee Seng and Mr Yeo Nai Meng, all of whom are independent.

The Chairman of the AC, Mr Heng Lee Seng is 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.

Audit Committee Role

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, adequacy, effectiveness and objectivity of producing results within the scope, 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, risk management 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, risk management and accounting systems addressing financial controls with the external auditors; and the adequacy and effectiveness of the internal controls and accounting systems addressing operational compliance and information technology controls with the internal auditors;

CORPORATE GOVERNANCE

- 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;
- 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.

CORPORATE GOVERNANCE

The number of AC meetings held and the attendance of each member at the meetings during FY2019 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 ¹	Independent	4	N.A
Sim Yong Teng	Executive Chairman	4	4 [#]
Tan Lay Ling ²	COO and Executive Director	4	— [#]
Bruce William Rann ³	CEO and Executive Director	4	— [#]

1 Resigned as Independent Director on 28 February 2019

2 Re-designated as Non-Executive Director of the Board on 1 February 2019 and resigned as Non-Executive Director on 30 April 2019

3 Resigned as Executive Director on 1 February 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. Since the resignation of Ms Tan Lay Ling, who was formerly a Non-Executive Director of the Company and a member of AC on 30 April 2019, the number of members in AC has been reduced to two. The Company had on 17 October 2019 granted the approval from SGX-ST with the extension of time to comply with Rule 704(8) of the Listing Manual in relation to filing the vacancy of the independent/non-executive director and vacancy in AC to 31 January 2020 (the “**Waiver**”). As of the date at this Report, the Company had received a notification from the SGX-ST that a further extension of time on the Waiver will not be granted for the Company.

Under this circumstance, the Company will not be filling up the vacancy in the AC as the Company has decided to proceed with voluntarily liquidation as an option of an exit offer.

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.

The AC had met the 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\$25,000 and S\$ nil for FY2019.

CORPORATE GOVERNANCE

Auditors

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.

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.

Having assessed the external auditors based on its own interactions with the external auditors, Management’s evaluation and 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 Mazars LLP for re-appointment as the external auditor at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST as all subsidiaries of the Company are audited by Mazars LLP for the purposes of the consolidated financial statements of the Company and its subsidiaries.

Audit Committee’s commentary on significant financial reporting matters

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 Key Audit Matters.

Internal Audit function

Following the completion of the Disposal and the Company became a cash company on 1 February 2019, the AC and Board are of the view that the current system of internal controls under review are generally adequate for a cash company therefore internal audit would not be required.

CORPORATE GOVERNANCE

The AC also met with the external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls and the significant comments. The Company acknowledge 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 changed its status of a cash company.

The AC also reviews the adequacy of the internal audit function annually and ensures that the internal audit functions is adequately resourced and has appropriate standing within the Company.

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.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

In line with the continuous obligations of the Company under the Listing Manual of SGX-ST 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. All information of the Company's new initiatives is first disseminated via SGXNet followed by a news release, which is also available on the Company's website. The Company does not practice selective disclosures as all material and price-sensitive information is released through SGXNet.

Shareholders are informed of shareholders' meetings through notice contained in annual reports or circulars sent to all shareholders. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or 21 clear calendar days before the meeting for special resolutions. The Board welcomes the views of shareholders who wish to raise issues concerning the Company, either informally or formally before or during these general meetings. The Board and the Chairmen 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

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. Indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the general meetings.

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

The Board also notes that there should be separate resolutions on each substantially separate issue that may be tabled at the general meeting. Detailed information on each resolution in the AGM agenda is in the explanatory notes to the AGM Notice in the Annual Report.

The Company has been conducting electronic poll voting for all the resolutions passed at the AGM and EGM for greater transparency in the voting process. An independent external consultant is appointed as scrutineer for the electronic poll voting process. A proxy verification process agreed upon with the scrutineer is also in place prior to the commencement of general meetings. Shareholders are also informed of the rules, including the electronic poll voting procedures that govern the general meetings. The total number of votes cast for, or against and the respective percentages on each resolution are tallied and displayed live-on-screen immediately after each poll conducted during the AGM and EGM. The outcome of the AGM and EGM, including the total numbers and percentage of votes cast for or against each resolution tabled, were announced immediately at the AGM and EGM and via SGXNET on the same day after AGM and EGM. The Company currently does not provide for voting in absentia.

The Company 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.

Dividend Policy

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). In compliance with Rule 704(24) of the Listing Rules of SGX-ST, in the event that the Board decides not to declare or recommend a dividend, the Company is mindful to disclose the reason(s) for the decision together with the announcement of the financial statements.

CORPORATE GOVERNANCE

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company recognises the importance of actively engaging with stakeholders to promote effective and fair communication.

Although a formal investor relations policy to regularly convey pertinent information to the 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.

With the implementation of new approach to quarterly reporting by SGX-ST, the Company is not required to release its financial statements on a quarterly basis. Therefore, the Company will release its financial statements on a half-yearly basis and will continue to keep shareholders updated as and when appropriate, should there be any material developments (financial or otherwise) relating to the Company and the Group, to provide a better understanding of the Company's performance in the context of the current business environment.

The Company 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 recognises the vitality on stakeholders' engagement for the Company's long-term sustainability. The Company engages with key stakeholders such as suppliers, customers, employees, investors as well as government and regulators, to align the Company's sustainable approach with their expectations.

CORPORATE GOVERNANCE

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.

There is no related party' transaction during the financial year.

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 FY2019 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 (appointed on 8 January 2016)	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
Mr Heng Lee Seng	Member of CPA Australia, Association of Chartered Certified Accountants, Chartered Institute of Management Accountants, Institute of Chartered Secretaries and Administrators.	Independent Director	Chairman of the Audit Committee and Member of the Nominating Committee and Remuneration Committee	3 January 2003/ 30 April 2019	Federal Int (2000) Ltd	NIL
Mr Yeo Nai Meng	B. Engineering (Electrical) NUS; Dip. Marketing Management (SIM), BBA	Independent Director	Chairman of Nominating Committee and Remuneration 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 36 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	Yeo Nai Meng
Date of appointment	19 April 2015
Date of last election	25 April 2018
Age	73
Country of principal residence	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 Mr Yeo's performance as an Independent Director of the Company. The Board considers Mr Yeo 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.
Job Title	Independent Director
Professional qualifications	Bachelor in Engineering (Electrical) from National University of Singapore Diploma in Marketing Management (SIM), BBA
Working experience and occupation(s) during the past 10 years	22 July 2016 to Present – Owner of GPS System 28 November 1997 to Present – Owner and Principal Consultant in Strategic Planning Service 23 October 2017 to Present – Quality Manager of Soup Restaurant Group
Shareholding interest in the listed issuer and its subsidiaries	None
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	None

CORPORATE GOVERNANCE

Name of Director	Yeo Nai Meng
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments including directorships	<u>Past (for the last 5 years)</u> N/A <u>Present</u> N/A
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	No
If yes, please provide details of prior experience.	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.	He has been the Independent Director of the Company for approximately 15 years.

The Retiring Director has responded negative to items (a) to (k) listed in Rule 720(6) of the Listing Manual of SGX-ST.

DIRECTORS' STATEMENT

The directors of Winas 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 2019.

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 2019, 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)
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:

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

Name of directors companies in which interests are held	Shareholdings registered in name of director			Shareholdings in which director is deemed to have an interest		
	At beginning of year	At end of year	At 21.01.2020	At beginning of year	At end of year	At 21.01.2020
The Company						
Ordinary shares						
Sim Yong Teng	5,952,150	5,952,150	5,952,150	140,147,928	140,147,928	140,147,928
Heng Lee Seng	525,000	525,000	525,000	–	–	–

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

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)

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;

DIRECTORS' STATEMENT

6. AUDIT COMMITTEE (CONTINUED)

- 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

Heng Lee Seng

Independent Director

Singapore
7 April 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINAS LIMITED

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Winas Limited (f.k.a. 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 2019, 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 45 to 122.

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 2019 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.

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 WINAS 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.

Gain on disposal of disposal group 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.

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;
- (ii) Reviewed the computation by management on gain on disposal of the business operations and Australian properties and;
- (iii) Verified the disposal proceeds received against supporting documents.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINAS LIMITED

Key Audit Matters (Continued)

Gain on disposal of disposal group

Key audit matter

On 1 February 2019, the Company announced that the Disposal has been completed and the shares of the Sale Subsidiaries were duly transferred to the Purchaser and recognised a gain on disposal of disposal group of \$15.1 million. Consequent to the completion of disposal, the Company ceased to hold any operations and became a Cash Company pursuant to Rule 1018 of the SGX-ST.

On 28 June 2019, one of the Australia Industrial Properties was sold to a third party for a consideration of A\$5.2 million. The remaining property remained unsold and was disposed to the Purchaser. The aggregate consideration for the disposal of the Australia Industrial Properties was \$8.6 million.

This was identified as a key audit matter because of the significance of the transaction to the results of the Group.

Our audit response

Basis of Preparation of financial statements (Refer to Note 2.1)

Key audit matter

Consequent to the completion of disposal of sale subsidiaries as described in Note 9, the Company became a cash company as defined under Rule 1018 of the SGX-ST Listing Manual ("Listing Manual"). In accordance to Rule 1018 of the Listing Manual, the Company may be delisted if it is unable to meet the requirements of a new listing within 12 months from the time it become a cash company. On 24 January 2020, the Company had applied for an extension of time from SGX-ST to comply with the Listing Manual. On 10 March 2020, the Company received a notice from SGX-ST stating that the extension of time will not be granted and the trading of the Company's securities will continue until 8 April 2020, and thereafter, will remain suspended from 9 April 2020 onwards until the completion of a cash exit offer.

In view of the development of the events, the Company has no realistic alternative but to opt for a voluntary liquidation. Accordingly, the financial statements have not been prepared on a going concern basis and the assets and liabilities are recorded at the amounts they are expected to be realised upon liquidation. Based on their best estimate as of the date of the authorisation for the issue of the financial statements, the management determined that future expenses to be incurred, and which were not yet committed as of the reporting date, in relation to the liquidation of the Company could amount to approximately \$321,000. The financial statements have not been adjusted to take into account of these expenses.

Given the significance of the nature of the matter, we have highlighted this as a key audit matter.

Our audit response

Our audit procedures included, but were not limited to, the following:

- (i) Interviewed management on the future business plan, including their thought process and their assessment of the probability of the plan for liquidation to be approved by the shareholders;
- (ii) Reviewed announcements made by the Company on SGX-ST;
- (iii) Reviewed documents and correspondences pertaining to the going concern status; and
- (iv) Reviewed completeness of liabilities for provision of onerous contracts.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINAS LIMITED

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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINAS LIMITED

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINAS LIMITED

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

- 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.
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WINAS LIMITED

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

7 April 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 \$'000	2018 \$'000
Revenue	4	–	80
Cost of sales		–	(76)
Gross profit		–	4
Other item of income:			
Financial income	5	428	352
Other items of expense:			
Marketing and distribution expenses		(4)	(5)
Administrative expenses		(598)	(4,591)
Other income – net	6	220	54
Financial expenses	5	(1,235)	(518)
Share of loss in joint venture, net of tax	15	–	(10)
Loss before taxation from continuing operations	7	(1,189)	(4,714)
Income tax credit/(expense)	8	98	(272)
Loss from continuing operations		(1,091)	(4,986)
Profit for the year from discontinued operations	9	15,486	15,162
Profit for the year		14,395	10,176
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations		–	(633)
Recognised foreign currency translation difference on foreign operation relating to Disposal Group		2,795	–
Item that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of leasehold and buildings, net of tax		–	332
Other comprehensive income for the year, net of tax		2,795	(301)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		17,190	9,875

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 2019

		Group	
	Note	2019	2018
		\$'000	\$'000
(Loss)/Profit attributable to:			
Continuing operations, net of taxation			
Owners of the Company		(1091)	(4,986)
Discontinued operations, net of taxation			
Owners of the Company		15,486	15,162
Profit for the financial year		14,395	10,176
Total comprehensive income attributable to:			
Owners of the Company		17,190	9,875
(Loss)/Earnings per share – cents			
Basic loss per share from continuing operations	10	(0.32)	(1.46)
Basic earnings per share from discontinued operations	10	4.54	4.44
Total basic earnings per share		4.22	2.98
Diluted loss per share from continuing operations	10	(0.32)	(1.46)
Diluted earnings per share from discontinued operations	10	4.54	4.44
Total diluted earnings per share		4.22	2.98

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	–	–	–	–
Goodwill	12	–	–	–	–
Investments in subsidiaries	13	–	–	–	–
Other assets	14	–	–	–	–
Total non-current assets		–	–	–	–
Current assets					
Inventories	16	–	–	–	–
Trade and other receivables	15	3	54	–	15,899
Prepayments		3	16	3	16
Cash, bank balances and fixed deposits	18	3,456	23,339	3,408	23,317
		3,462	23,409	3,411	39,232
Asset classified as held for sale	17	–	–	–	–
Assets directly associated with disposal group held for sale	9	–	101,854	–	18,877
Total current assets		–	125,263	–	58,109
Total assets		3,462	125,263	3,411	58,109

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
EQUITY AND LIABILITIES					
Equity					
Share capital	19	4,444	41,963	4,444	41,963
Treasury shares	19	(961)	(961)	(961)	(961)
Other reserves	20	108	108	108	108
Amount recognised in other comprehensive income and accumulated in equity relating to disposal group held for sale	20	(122)	13,029	–	–
(Accumulated losses)/Retained earnings		(55)	34,409	(218)	16,320
Equity attributable to owners of the Company/Total equity					
		3,414	88,548	3,373	57,430
Non-current liability					
Deferred tax liability	8	–	50	–	50
Total non-current liability					
		–	50	–	50
Current liabilities					
Income tax payable		–	150	–	105
Trade and other payables	21	48	555	38	524
		48	705	38	629
Liabilities directly associated with disposal group held for sale	9	–	35,960	–	–
Total current liabilities					
		48	36,665	38	629
Total liabilities					
		48	36,715	38	679
Total equity and liabilities					
		3,462	125,263	3,411	58,109

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Total equity attributable to owner of the Company		Share capital	Treasury shares	Capital reserve	Retained earnings	Revaluation reserve	Foreign currency translation reserve
Group	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019		88,548	41,963	108	(961)	34,409	17,821	(4,792)	
Foreign currency translation differences on foreign operations		2,795	-	-	-	15,946	(17,821)	4,670	
Other comprehensive income, net of tax		2,795	-	-	-	15,946	(17,821)	4,670	
Profit for the year		14,395	-	-	-	14,395	-	-	
Total comprehensive income for the year		17,190	-	-	-	30,341	-	4,670	
Capital reduction	19	(37,519)	(37,519)	-	-	-	-	-	-
Dividends	22	(64,805)	-	-	-	(64,805)	-	-	-
Total transactions with owners of the Company		(102,324)	(37,519)	-	-	(64,805)	-	-	-
Balance at 31 December 2019		3,414	4,444	108	(961)	(55)	-	(122)	

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.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	Note	Total equity attributable to owner of the Company	Share capital	Treasury shares	Capital reserve	Retained earnings	Revaluation reserve	Foreign currency translation reserve
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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		(301)	-	-	-	-	332	(633)
Profit for the year		10,176	-	-	-	10,176	-	-
Total comprehensive income for the year		9,875	-	-	-	10,176	332	(633)
Dividends/ Total transactions with owners of the Company	22	(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.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	Note	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Retained earnings \$'000
Balance at 1 January 2019		57,430	41,963	(961)	108	16,320
Total comprehensive income for the year		48,267	-	-	-	48,267
Capital reduction	19	(37,519)	(37,519)	-	-	-
Dividends	22	(64,805)	-	-	-	(64,805)
Total transactions with owners of the Company		(102,324)	(37,519)	-	-	(64,805)
Balance at 31 December 2019		3,373	4,444	(961)	108	(218)
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	22	(4,264)	-	-	-	(4,264)
Balance at 31 December 2018		57,430	41,963	(961)	108	16,320

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Operating activities			
Loss for the year from continuing operations		(1091)	(4,986)
Profit for the year from discontinued operations		15,486	15,162
Profit for the year		14,395	10,176
Adjustments for:			
Allowance for doubtful trade receivables	15	–	68
Reversal of doubtful other receivables	15	–	(428)
Bad debts written off (trade)		–	49
Bad debts written off (non-trade)		–	166
Depreciation of property, plant and equipment	11	–	3,151
Interest income		(428)	(366)
Interest expense		–	16
Gain on disposal of property, plant and equipment (net)		–	(86)
Inventory written off		–	7
Property, plant and equipment written off		–	6
Reversal of impairment loss on freehold land and buildings		–	(270)
Gain on sale of disposal group		(15,486)	–
Loss on disposal of joint venture		–	2
Share of loss in joint venture		–	10
Income tax expense	8	–	1,611
Operating cash flows before movements in working capital		(1,519)	14,112
Prepayments, trade and other receivables		64	4,820
Inventories		–	736
Trade and other payables		(507)	(3,297)
Cash (used in)/generated from operations		(1,962)	16,371
Interest paid		–	(16)
Interest received		428	366
Income tax paid		(102)	(1,446)
Net cash (used in)/generated from operating activities		(1,636)	15,275

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'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
Purchase of property, plant and equipment	Note A	–	(1,031)
Proceeds from sale of Disposal Group	9	83,215	–
Effect of foreign currency alignment on investing activities		862	825
Net cash generated from investing activities		84,077	641
Financing activities			
Repayment of borrowings		–	(3,000)
Repayment of finance leases		–	(60)
Capital reduction	19	(37,519)	–
Dividends paid	22	(64,805)	(4,264)
Net cash used in financing activities		(102,324)	(7,324)
Net (decrease)/increase in cash and cash equivalents		(19,883)	8,592
Cash and cash equivalents at 1 January		23,339	26,143
Effect of exchange rate changes on cash and cash equivalents		–	(636)
Cash and cash equivalents at 31 December	18	3,456	34,099

Reconciliation of liabilities arising from financing activity:

	1 January 2018 \$'000	Cash movement Repayment \$'000	Non-cash movement Drawdown \$'000	31 December 2018 \$'000
Liabilities				
Borrowings	3,000	(3,000)	–	–
Finance leases	169	(60)	83	192

Note A:

In the financial year ended 31 December 2018, the Group acquired property, plant and equipment amounting to \$1,114,000 of which \$83,000 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 2019

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

1. GENERAL

Winas Limited (the “Company”) (Registration Number 200206542H) is incorporated and domiciled in Singapore with its principal place of business and registered office at 30 Cecil Street #19-08 Prudential Tower Singapore 049712. 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 13 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 2019 were authorised for issue by the Board of Directors on 7 April 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Consequent to the completion of disposal of sale subsidiaries as described in Note 9, the Company became a cash company as defined under Rule 1018 of the SGX-ST Listing Manual (“Listing Manual”). In accordance to Rule 1018 of the Listing Manual, the Company may be delisted if it is unable to meet the requirements of a new listing within 12 months from the time it become a cash company. On 24 January 2020, the Company had applied for an extension of time from SGX-ST to comply with the Listing Manual. On 10 March 2020, the Company received a notice from SGX-ST stating that the extension of time will not be granted and the trading of the Company’s securities will continue until 8 April 2020, and thereafter, will remain suspended from 9 April onwards until the completion of a cash exit offer.

In view of the development of the events, the Company has no realistic alternative but to opt for a voluntary liquidation. Accordingly, the financial statements have not been prepared on a going concern basis and the assets and liabilities are recorded at the amounts they are expected to be realised upon liquidation. Based on their best estimate as of the date of the authorisation for the issue of the financial statements, the management determined that future expenses to be incurred, and which were not yet committed as of the reporting date, in relation to the liquidation of the Company could amount to approximately \$321,000. The financial statements have not been adjusted to take into account of these expenses.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

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.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. The adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

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) 1-1, 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) 3	Amendments to SFRS(I) 3: <i>Definition of a Business</i>	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7	Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
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
Various	Amendments to References to the Conceptual Framework in SFRS(I) Standards Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements	1 January 2020

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. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Business combinations (Continued)

Business combinations from 1 January 2017 (Continued)

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 2019

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Business combinations (Continued)

Business combinations from 1 January 2017 (Continued)

Accounting for subsidiaries in the separate financial statements

Investments in subsidiaries 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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.

2.5 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.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Income tax (Continued)

Deferred tax (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Income tax (Continued)

Withholding tax

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

2.7 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.

2.8 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 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Property, plant and equipment (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Intangible assets

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.

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.

2.11 Club memberships

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

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Impairment of non-financial assets excluding goodwill (Continued)

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.

2.13 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

Financial assets (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

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.

2.14 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.

2.15 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Provisions (Continued)

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.

2.17 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 who make strategic decisions.

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 2019 was \$ Nil (2018: \$648,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Key sources of estimation uncertainty (Continued)

(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. The carrying value of the goodwill as at 31 December 2019 was \$ Nil (2018: \$548,000) (Note 12).

(iii) *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 2019 was approximately \$ Nil (2018: \$43,702,000) (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.

(iv) *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 2019 was \$ Nil (2018: \$4,858,000) .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. REVENUE

	Group	
	2019	2018
	\$'000	\$'000
<i>Continuing operations</i>		
Sale of goods	–	80

5. FINANCIAL INCOME/(EXPENSES) – NET

	Group	
	2019	2018
	\$'000	\$'000
<i>Continuing operations</i>		
<u>Financial income:</u>		
Interest income from fixed deposits	428	352
<u>Financial expenses:</u>		
Interest expenses on term loan	–	(9)
Foreign exchange loss – net	(1,235)	(509)
	(1,235)	(518)

6. OTHER INCOME – NET

	Group	
	2019	2018
	\$'000	\$'000
<i>Continuing operations</i>		
Gain on disposal of property, plant and equipment (net)	–	54
Inventories written off	–	(3)
Loss on disposal of joint venture	–	(2)
Management fee (expense)/income	(85)	5
Rental income	305	–
	220	54

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	
	2019	2018
	\$'000	\$'000
Audit fees paid to auditors:		
Auditors of the Company	28	64
Depreciation of property, plant and equipment	–	31
Directors' fees:		
Directors of the Company	71	138
Directors' remuneration other than fees:		
Directors of the Company		
Short-term employee benefits	83	2,315
Staff costs (excluding directors' remuneration)	–	1,427
Contributions to defined contribution plans	5	212

8. INCOME TAX EXPENSE

	Group	
	2019	2018
	\$'000	\$'000
Current tax expense		
– current year	–	1,547
– over provision in prior years	(41)	(102)
	(41)	1,445
Deferred tax expense		
– current year	–	55
– (over)/under provision in prior years	(57)	16
	(57)	71
Withholding tax	–	95
Total income tax expense	(98)	1,611
Income tax expense attributable to the following:		
– Continuing operations	(98)	272
– Discontinued operations (Note 9)	–	1,339
	(98)	1,611

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at 17% (2018: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit before income tax as a result of the following differences:

	Group	
	2019 \$'000	2018 \$'000
Loss before taxation from continuing operations	(1,189)	(4,714)
Profit before taxation from discontinued operations	15,486	16,501
Profit before income tax	14,297	11,787
Income tax expense at the statutory rate	2,430	2,004
Tax effect of non-deductible items	(2,633)	(17)
Tax effect of tax exemptions	–	(99)
Tax rebate/incentives	203	(270)
Effect of different tax rates of overseas operations	–	198
Over provision of income tax in prior years	(41)	(102)
(Over)/Under provision of deferred tax in prior years	(57)	16
Utilisation of deferred tax assets not recognised	–	(214)
Withholding tax	–	95
Total income tax expense	(98)	1,611

The deferred tax liabilities are as follows:

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Deferred tax liabilities	–	50	–	50

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. INCOME TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
At beginning of year	50	2,393	50	124
Credited to profit or loss	(50)	87	(50)	(74)
Charged to revaluation reserve	–	68	–	–
Reclassified to liabilities of disposal group held for sale	–	(2,498)	–	–
At end of year	–	50	–	50

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

	Revaluation of land and buildings	Tax losses	Accelerated tax depreciation	Others	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2019	–	–	–	50	50
Credited to profit or loss	–	–	–	(50)	(50)
Balance at 31 December 2019	–	–	–	–	–
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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.
- (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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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".

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 became a cash Company as defined under Rule 1018 of the Listing Manual.

On 28 June 2019, one of the Australia Industrial Properties was sold to a third party for a consideration of A\$5.2 million. The remaining property remained unsold and was disposed to the Purchaser. The aggregate consideration for the disposal of the Australia Industrial Properties was \$8.6 million.

The major classes of assets and liabilities of the Disposal Group as at 31 December 2019 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 2019

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

The results of the Disposal Group for the financial year ended 31 December 2018 is as follows:

	Group \$'000
Revenue	173,610
Expenses	(157,116)
Interest expense	(7)
Interest income	14
Profit before income tax for the financial year	16,501
Income tax expense	(1,339)
Profit for the financial year	<u>15,162</u>
Profit per share from discontinued operations attributable to owners of the Company:	
Basic and diluted – cents	<u>4.44</u>

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	<u>1,858</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

Carrying amounts of the assets and liabilities as at the date of disposal are as follows:

	Carrying amount \$'000
Trade and other receivables	41,738
Inventories	4,858
Property, plant and equipment	43,702
Goodwill	548
Deferred tax assets	195
Other non-current assets	53
	<u>91,094</u>
Finance leases	192
Income tax payable	4,116
Trade and other payables	19,057
	<u>23,365</u>
Net assets	67,729
Revaluation reserve	(17,821)
Foreign currency translation reserve	(1,200)
Net assets derecognised	<u>48,708</u>
Cash consideration representing net cash inflow on disposal of Disposal Group	<u>83,215</u>
<i>Gain on disposal:</i>	
Consideration received	83,215
Net assets derecognised	(48,708)
Revaluation reserve	(17,821)
Foreign currency translation reserve	(1,200)
Gain on disposal	<u>15,486</u>

The gain on disposal is recognised in "Other income" in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. (LOSS)/EARNINGS PER SHARE

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

a) Basic (loss)/earnings per share

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

	Group	
	2019 \$'000	2018 \$'000
Loss from continuing operations, attributable to owners of the Company	(1,091)	(4,986)
Profit from discontinued operations, attributable to owners of the Company	15,486	15,162
Profit attributable to owners of the Company	14,395	10,176
	Number of share	
	2019	2018
Weighted average number of shares in issue during the year	341,079,335	341,079,335

b) Diluted (loss)/earnings per share

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

	Group	
	2019 \$'000	2018 \$'000
Loss from continuing operations, attributable to owners of the Company	(1,091)	(4,986)
Profit from discontinued operations, attributable to owners of the Company	15,486	15,162
Profit attributable to owners of the Company	14,395	10,176
	Number of share	
	2019	2018
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 2019

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land \$'000	Freehold buildings \$'000	Leasehold land and buildings \$'000	Equipment and vehicles \$'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 and at 31 December 2019	–	–	–	–	–
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 and at 31 December 2019	–	–	–	–	–
Carrying amount:					
At 31 December 2018 and at 31 December 2019	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Equipment and vehicles \$'000
Company	
2018	
Cost:	
At 1 January 2018	171
Disposal	(171)
At 31 December 2018 and at 31 December 2019	–
Accumulated depreciation:	
At 1 January 2018	128
Depreciation charge	31
Disposal	(159)
At 31 December 2018 and at 31 December 2019	–
Carrying amount:	
At 31 December 2018 and at 31 December 2019	–

Leased plant and equipment

As at 31 December 2018, the Group has motor vehicles with net book value of approximately \$332,000 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings (Continued)

As at 31 December 2018, based on the valuation reports, the Group recognised reversal of impairment loss \$270,000 on the Group's freehold land and buildings in Australia, in "other income – net".

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 2018 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 which is included in "other comprehensive income" to its estimated market value of \$29,200,000 and in accordance with Group's policy (Note 2.9).

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
Freehold land	3,329
Freehold buildings	6,105
Leasehold land and buildings	12,191
At end of year	<u>21,625</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings (Continued)

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 2019

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 \$'000
At 1 January 2018 (Level 3 recurring fair value)	40,904
Depreciation charge	(1,558)
Gain: included in 'other comprehensive income'	
– revaluation gain on leasehold land and buildings	400
Gain/(Loss): included in 'other income – net'	
– reversal of/(allowance for) impairment loss on freehold land and buildings	270
– foreign currency realignment	(760)
Reclassified to assets of disposal group held for sale	(39,256)
At 31 December 2018 and at 31 December 2019 (Level 3 recurring fair value)	–

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Measurement of fair value (Continued)

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

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

2018

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	Increase in replacement building area rate would result in higher fair value.
	Capitalisation approach	Capitalisation rate	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)	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)	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. GOODWILL

	Group \$'000
Cost:	
Balance at 1 January 2018	3,181
Reclassified to disposal group held for sale	(3,181)
Balance at 31 December 2018 and at 31 December 2019	–
Impairment loss:	
Balance at 1 January 2018	(2,633)
Reclassified to disposal group held for sale	2,633
Balance at 31 December 2018 and at 31 December 2019	–
Carrying amount	
Balance at 31 December 2018 and at 31 December 2019	–

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

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

	Group 2018 \$'000
Windsor Marine Pte Ltd	60
Sinwa Australia Pty Ltd	488
	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.

No value in use was determined as the carrying amounts of CGU was reclassified as asset of disposal group held for sale (Note 9).

13. INVESTMENTS IN SUBSIDIARIES

	Company 2019 \$'000	2018 \$'000
Unquoted equity shares, at cost	–	6,377
Loans to subsidiaries	–	2,384
	–	8,761
Reclassified assets of disposal group held for sale (Note 9)	–	(8,761)
	–	–

The loans to subsidiaries form part of the Company's net investment in certain of its subsidiaries. These loans were interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company's loans to subsidiaries are denominated in Singapore dollar.

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	
	2019	2018	2019	2018
	\$'000	\$'000	%	%
Sinwa SS Pte. Ltd. Singapore Investment holding	—	*	—	100
Seafirst Marine Services Pte. Ltd. Singapore Marine supply and logistics, ship agency and general husbandry	—	*	—	100
Sinwa Offshore Pte. Ltd. Singapore Project management and support services to the offshore drilling industry	—	*	—	100
Windsor Marine Pte Ltd Singapore Marine supply and logistics, import and export and commission agents	—	*	—	100
Sinwa International Pte. Ltd. Singapore Investment holding	#	#	100	100
Sinwa Ship Supply (HK) Pte. Ltd. Singapore Marine supply and general husbandry	—	*	—	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. 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	
	2019 \$'000	2018 \$'000	2019 %	2018 %
Subsidiaries of Sinwa Offshore Pte. Ltd.:				
Sinwa Offshore Logistics (M) Sdn. Bhd. Malaysia Dormant	—	—	—	80
Sinwa (Thailand) Ltd Thailand Marine supply to the offshore industry	—	*	—	100
Subsidiaries of Sinwa SS Pte. Ltd.:				
Sinwa (Singapore) Pte Ltd Singapore Marine supply and logistics	—	*	—	100
Sinwa Marine Pte Ltd Singapore Ship agency and general husbandry	—	*	—	100
Sinwa SS (HK) Co. Limited Hong Kong Investment holding	—	2	—	100
Subsidiaries of Sinwa Marine Pte Ltd:				
IMS (Shanghai) Co., Ltd China Trading and exports	—	*	—	100
Sinwa Marine Services (Dalian) Pte. Ltd. Singapore Marine supply and general husbandry	—	*	—	100
Sinwa Marine Services (Tianjin) Pte. Ltd. Singapore Marine supply and general husbandry	—	*	—	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. 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	
	2019 \$'000	2018 \$'000	2019 %	2018 %
Sinwa Marine Services (Qingdao) Pte. Ltd. Singapore Marine supply and general husbandry	–	*	–	100
Sinwa Shanghai Ship Supply Pte. Ltd. Singapore Marine supply and general husbandry	–	*	–	100
Subsidiaries of Sinwa International Pte. Ltd.:				
Sinwa Australia Pty Limited Australia Marine supply and logistics	–	*	–	100
Sinwa AIMS Pty. Ltd. (1)(2) Australia Marine supply and logistics	–	782	–	100
Sinwa Holdings (Australia) Pty Limited ⁽¹⁾⁽³⁾ Australia Investment holding	*	*	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) Not audited as it is immaterial to the Group.

(2) On 10 December 2019, the company announced that the subsidiary has been deregistered from the register of the Australian Securities and Investments Commission on 1 December 2019.

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

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 2019

14. OTHER ASSETS

	Group	
	2019 \$'000	2018 \$'000
Non-current:		
Club memberships	–	43
Allowance for impairment	–	(22)
	–	21
Financial asset at fair value through profit or loss	–	34
Reclassified to assets of disposal group held for sale	–	(55)
Total other assets	–	–

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current:				
<u>Other receivables:</u>				
Subsidiaries	–	–	2,424	28,244
Other receivables	3	54	–	54
Allowance for impairment on other receivables/amount due from subsidiary	–	–	(2,424)	(2,283)
Reclassified assets of disposal group held for sale (Note 9)	–	–	–	(10,116)
Total trade and other receivables	3	54	–	15,899
 Movements in allowance for impairment:				
At 1 January	–	1,654	2,283	178
(Credit from)/Charge to profit or loss	–	(428)	141	2,283
Allowance for/(Reversal of) doubtful trade receivables	–	68	–	–
Bad debts written off	–	(646)	–	(178)
Reclassified to assets of disposal group held for sale	–	(648)	–	–
Balance at 31 December	–	–	2,424	2,283

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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.

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.

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

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Current				
Singapore dollar	–	54	–	12,554
Australian dollar	3	–	–	3,345
	3	54	–	15,899

16. INVENTORIES

In the financial year ended 31 December 2018, the cost of inventories recognised as expense and included in "cost of sales" amounted to \$130,745,000, attributable to the disposal group. As at 31 December 2018, inventories were reclassified to assets of disposal group held for sale (Note 9).

17. ASSET CLASSIFIED AS HELD FOR SALE

	Group	
	2019	2018
	\$'000	\$'000
Unquoted share in a joint venture company	–	15,116
Disposal	–	(15,116)
	–	–
Movement in allowance for impairment:		
At 1 January	–	13,736
Disposal	–	(13,736)
At 31 December	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. 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 Geoexplorer Pte. Ltd. ("BGP"); whereby BGP will pay NIL US\$750,000 (the "BGP Settlement Sum"); and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

Nordic International Limited ("NIL") (Continued)

- (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.

18. CASH, BANK BALANCES AND FIXED DEPOSITS

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash at banks	3,456	1,111	3,408	1,089
Fixed deposits	–	22,228	–	22,228
Cash and cash equivalents in the statement of cash flows	3,456	23,339	3,408	23,317

Fixed deposits bear effective interest rate of 1.60% – 2.80% per annum and for tenures of approximately 30 days in the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. CASH, BANK BALANCES AND FIXED DEPOSITS (CONTINUED)

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

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	3,448	17,853	3,408	17,843
United States dollar	–	19	–	16
Australian dollar	8	5,458	–	5,458
Others	–	9	–	–
	3,456	23,339	3,408	23,317

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:

	2019	2018
	\$'000	\$'000
Cash and bank balances from continuing operations	3,456	23,339
Cash and bank balances from discontinued operations	–	10,760
Cash and cash equivalents	3,456	34,099

19. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		\$'000	\$'000
Issued share capital				
Issued and paid up:				
At 1 January	343,256,867	343,256,867	41,963	41,963
Capital reduction	–	–	(37,519)	–
At 31 December	343,256,867	343,256,867	4,444	41,963
Treasury shares				
At 1 January and at 31 December	(2,177,532)	(2,177,532)	(961)	(961)

On 25 February 2019, 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 shareholders surplus capital in excess of the Company's needs, by way of a cash distribution of approximately S\$0.11 for each ordinary share in the share capital of the Company held by shareholders (the "Cash Distribution").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

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).

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.

20. OTHER RESERVES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Capital reserve	<u>108</u>	<u>108</u>	<u>108</u>	<u>108</u>
Amount recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale				
– Foreign currency translation reserve	(122)	(4,792)	–	–
– Revaluation reserve	<u>–</u>	<u>17,821</u>	<u>–</u>	<u>–</u>
	<u>(122)</u>	<u>13,029</u>	<u>–</u>	<u>–</u>
	<u>(14)</u>	<u>13,137</u>	<u>108</u>	<u>108</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. OTHER RESERVES (CONTINUED)

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Movement:				
(1) Capital reserve				
At 1 January and at 31 December	108	108	108	108
(2) Foreign currency translation reserve				
At 1 January	(4,792)	(4,159)	–	–
Exchange differences arising on translation of foreign operations	4,670	(633)	–	–
At 31 December	(122)	(4,792)	–	–
(3) Revaluation reserve				
At 1 January	17,821	17,489	–	–
Reclassified from equity to other comprehensive income	(17,821)	–	–	–
Gain on revaluation on leasehold land and building	–	400	–	–
Deferred tax liabilities related to the gain on revaluation	–	(68)	–	–
At 31 December	–	17,821	–	–

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.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade payables:				
Third parties	1	404	–	404
Other payables:				
Third parties	47	151	38	120
Total trade and other payables	48	555	38	524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. TRADE AND OTHER PAYABLES (CONTINUED)

The average credit period taken to settle the trade payables is about 90 days (2018: 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	47	533	38	524
Australian dollar	1	–	–	–
Others	–	22	–	–
	48	555	38	524

22. DIVIDENDS

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

	Group and Company	
	2019	2018
	\$'000	\$'000
By the Company:		
Interim dividend of \$0.005 per share	–	1,705
Final dividend of \$0.0075 per share	–	2,559
Special dividend of \$0.190 per share	64,805	–
	64,805	4,264

23. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Dividend income from subsidiaries	–	–	–	4,600
Management fee income				
from subsidiaries	–	–	–	5,034
Interest income from subsidiaries	–	–	–	445
Rental expenses to a subsidiary	–	–	–	(38)
Purchase of services from joint venture	–	200	–	–

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 2019

24. 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	
	2019	2018
	\$'000	\$'000
Rental paid to Evenstar (Australia) Pty Ltd by an Australian subsidiary	–	141

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	
	2019	2018
	\$'000	\$'000
Salaries, fees and other short-term employment benefits	154	3,730
Contributions to defined contribution plan	5	92
	159	3,822

The above amounts are related to the following:

	Group	
	2019	2018
	\$'000	\$'000
Directors of the Company	88	2,482
Other key management personnel	71	1,340
	159	3,822

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. STATEMENT OF OPERATIONS BY SEGMENT

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (Note 2.17).

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.

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 served sea-going vessels and the offshore industry in Singapore, Thailand, the PRC, Hong Kong and Australia was 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Segment reporting policy (Continued)

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.

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.

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Business Segments

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26. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2019	Discontinued operations					Continuing operations	
	Supply \$'000	Agency & logistics \$'000	Property holding \$'000	Unallocated \$'000	Total \$'000	Others \$'000	Consolidated \$'000
Group assets and liabilities							
Segment assets	-	-	-	-	-	-	-
Unallocated corporate assets	-	-	-	-	-	3,462	3,462
Total assets							3,462
Segment liabilities	-	-	-	-	-	-	-
Unallocated corporate liabilities	-	-	-	-	-	48	48
Total liabilities							48
Other segment information							
Capital expenditures	-	-	-	-	-	-	-
<i>Material non-cash items:</i>							
Gain on sale of Disposal Group	-	-	-	15,486	15,486	-	15,486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2018	Discontinued operations				Continuing operations	
	Supply \$'000	Agency & logistics \$'000	Property holding \$'000	Total \$'000	Unallocated \$'000	Consolidated \$'000
Group profit/(loss)						
Profit/(Loss) before interest, income tax, depreciation and amortisation	17,362	508	1,474	19,344	(5,014)	14,330
Interest income	14	—	—	14	352	366
Interest expense	(7)	—	—	(7)	(9)	(16)
Depreciation	(1,125)	(26)	(1,969)	(3,120)	(31)	(3,151)
Allowance for impairment loss on freehold land, leasehold land and buildings	—	—	270	270	—	270
Reversal of allowance for impairment on asset held for sale	—	—	—	—	(2)	(2)
Share of loss in joint venture	—	—	—	—	(10)	(10)
Profit/(Loss) before income tax	16,244	482	(225)	16,501	(4,714)	11,787
Income tax expense	(1,283)	(40)	(16)	(1,339)	(272)	(1,611)
Profit/(Loss) for the year	14,961	442	(241)	15,162	(4,986)	10,176

NOTES TO THE FINANCIAL STATEMENTS

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26. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Business Segments (Continued)

2018	Discontinued operations				Continuing operations	
	Supply \$'000	Agency & logistics \$'000	Property holding \$'000	Total \$'000	Others \$'000	Consolidated \$'000
Group assets and liabilities						
Segment assets	60,538	1,597	39,719	101,854	–	101,854
Unallocated corporate assets	–	–	–	–	23,409	23,409
Total assets						125,263
Segment liabilities						
Unallocated corporate liabilities	32,857	309	2,794	35,960	–	35,960
Total liabilities	–	–	–	–	755	755
						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 debts written off (trade)	(47)	(2)	–	(49)	–	(49)
Bad debts written off (non-trade)	(166)	–	–	(166)	–	(166)
Gain on disposal of property, plant and equipment, net	32	–	–	32	54	86
Reversal of impairment loss on freehold land and buildings	–	–	270	270	–	270
Inventory written off	(4)	–	–	(4)	(3)	(7)
Property, plant and equipment written off	(6)	–	–	(6)	–	(6)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26. STATEMENT OF OPERATIONS BY SEGMENT (CONTINUED)

Geographical Segments

Group	Revenue from external customers		Non-current assets ⁽¹⁾	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Relates to continuing operations:</i>				
Australia	–	80	–	–
<i>Relates to discontinued operations:</i>				
Singapore	–	124,724	–	33,924
Australia	–	31,971	–	10,245
Others	–	16,915	–	134
	<u>–</u>	<u>173,690</u>	<u>–</u>	<u>44,303</u>

(1) Excluded deferred tax assets.

27. 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	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assets				
Trade and other receivables	3	54	–	15,899
Cash, bank balances and fixed deposits	<u>3,456</u>	<u>23,339</u>	<u>3,408</u>	<u>23,317</u>
Total financial assets at amortised cost	<u>3,459</u>	<u>23,343</u>	<u>3,408</u>	<u>39,216</u>
Financial liabilities				
Trade and other payables	<u>48</u>	<u>555</u>	<u>38</u>	<u>524</u>
Total financial liabilities at amortised cost	<u>48</u>	<u>555</u>	<u>38</u>	<u>524</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. 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	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Singapore dollar	47	533	3,448	17,907	38	524	3,408	30,397
Australian dollar	1	–	11	5,458	–	–	–	8,803
United States dollar	–	–	–	19	–	–	–	16
Others	–	22	–	9	–	–	–	–
	48	555	3,459	23,393	38	524	3,408	39,216

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. 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% (2018: 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% (2018: 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)	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Australian dollar				
Strengthen 10%	1	546	–	880
Weaken 10%	(1)	(546)	–	(880)

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

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in the market interest rates. The Company's exposure to interest rate risk arises primarily from its bank balances and exposure are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. 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	48	–	48	48
At 31 December 2019	48	–	48	48
Trade and other payables	555	–	555	555
At 31 December 2018	555	–	555	555
Financial assets				
Cash, bank balances and fixed deposits	3,456	–	3,456	3,456
Trade and other receivables	3	–	3	3
At 31 December 2019	3,459	–	3,459	3,459
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. 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	38	–	38	38
At 31 December 2019	38	–	38	38
Trade and other payables	524	–	524	524
At 31 December 2018	524	–	524	524
Financial assets				
Cash, bank balances and fixed deposits	3,408	–	3,408	3,408
At 31 December 2019	3,408	–	3,408	3,408
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

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 2019

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

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.

Trade receivables (Note 15)

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.

As of 31 December 2019 there were no outstanding trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Financial risk management (Continued)

General risk management principles (Continued)

(iv) Credit risk (Continued)

Trade receivables (Note 17) (Continued)

In the prior financial year, the loss allowance for trade receivables are determined as follows:

	<u>Current</u>	<u>Past due < 6 months</u>	<u>Past due 6 months to 12 months</u>	<u>Past due more than 12 months</u>	<u>Total</u>
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

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.

Other receivables (Note 15)

As of 31 December 2018, the Company recorded other receivables from subsidiaries of \$28,244,000 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. 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:

- (a) 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).
- (b) 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.
- (c) 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.

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.

29. 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 2018.

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 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 24 January 2020, the Company had applied for an extension of time from SGX-ST to comply with the Listing Manual.

On 10 March 2020, the Company received a notice from SGX-ST stating that the extension of time will not be granted and the trading of the Company's securities will continue until 8 April 2020, and thereafter, will remain suspended for 9 April 2020 onwards with the completion of a cash exit offer.

The Company intends to proceed with voluntarily liquidation as an option of an exit offer and will seek the approval of shareholders at an extraordinary general meeting pursuant to Rules 1307 and 1309 of the Listing Manual of the SGX-ST.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

SHAREHOLDERS' INFORMATION AS AT 20 MARCH 2020

Number of Equity Securities	:	341,079,335*
Class of Equity Securities	:	Ordinary shares
Voting Rights	:	One vote per share

* Excluding non-voting 2,177,532 treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	19	0.93	724	0.00
100 – 1,000	509	24.91	232,714	0.07
1,001 – 10,000	461	22.57	2,748,775	0.81
10,001 – 1,000,000	1,027	50.27	87,803,200	25.74
1,000,001 AND ABOVE	27	1.32	250,293,922	73.38
TOTAL	2,043	100.00	341,079,335	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	EVENSTAR INVESTMENTS PTE LTD	140,147,928	41.09
2	RAFFLES NOMINEES (PTE.) LIMITED	26,151,700	7.67
3	KIM SENG HOLDINGS PTE LTD	11,640,500	3.41
4	LEE YUEN SHIH	8,747,356	2.56
5	DBS NOMINEES (PRIVATE) LIMITED	6,287,825	1.84
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,987,000	1.76
7	SIM YONG TENG	5,952,150	1.75
8	TAY ENG KHIAM	4,564,900	1.34
9	HIMANSHU LALITRAI TIMBADIA	4,534,500	1.33
10	PHILLIP SECURITIES PTE LTD	3,813,050	1.12
11	CITIBANK NOMINEES SINGAPORE PTE LTD	3,641,725	1.07
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,074,700	0.90
13	OCBC SECURITIES PRIVATE LIMITED	2,911,288	0.85
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,518,200	0.74
15	TAN LECK KEE	2,135,300	0.63
16	CHENG CHU GIAK	2,000,000	0.59
17	TENG KIN CHONG	2,000,000	0.59
18	HAI SIA SEAFOOD PTE LTD	1,973,000	0.58
19	SEAH KIM HOON	1,900,000	0.56
20	UOB KAY HIAN PRIVATE LIMITED	1,530,800	0.45
TOTAL		241,511,922	70.83

Note:

The percentage is based on 341,079,335 shares (excluding 2,177,532 shares held as treasury shares) as at 20 March 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

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 Interest	
	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

Notes:

- (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 20 March 2020, approximately 48.79% of the issued ordinary shares of the Company are held by the public.

Measures to Minimise Risks of COVID-19

In view of the COVID-19 situation and the stricter measures set out by the Ministry of Health Singapore notification announced on 24 March 2020 and a joint statement dated 31 March 2020 issued by Accounting and Corporate Regulatory Authority ("**ACRA**"), Monetary Authority of Singapore ("**MAS**") and Singapore Exchange Regulation ("**SGX RegCo**") entitled "ACRA, MAS and SGX RegCo update guidance on general meetings", Winas Limited is re-assessing its Annual General Meeting ("**AGM**") plans.

In view of the foregoing, the Company reserves the right to take appropriate measures to minimise the risk to Shareholders and others attending by limiting the number of in-person attendees at the AGM. We will update shareholders on the AGM meeting plan in due course and any material developments will be announced on the SGXNet as it may change at short notice due to the constantly evolving COVID-19 situation.

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WINAS LIMITED