

JASON HOLDINGS LIMITED

ANNUAL REPORT 2018

CONTENTS

	PAGE
CORPORATE PROFILE	1
CHAIRMAN’S STATEMENT	2
FINANCIAL REVIEW – FINANCIAL YEAR ENDED 31 DECEMBER 2018	3
BOARD OF DIRECTORS	5
CORPORATE INFORMATION	7
CORPORATE GOVERNANCE REPORT	8
DIRECTORS’ STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018	36
INDEPENDENT AUDITOR’S REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018	40
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018	45
STATISTICS OF SHAREHOLDINGS	114
NOTICE OF ANNUAL GENERAL MEETING	116
PROXY FORM	

This annual report has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“**Sponsor**”), Hong Leong Finance Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone: +65 6415-9886.

CORPORATE PROFILE

Jason Holdings Limited (“**Jason Holdings**” or the “**Company**”) (Registration number 201119167Z) is a limited liability company incorporated and domiciled in Singapore with its principal place of business and registered office at 11 Tampines Street 92 #03-05 Tampines Bizhub, Singapore 528872. The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist**”) on 25 September 2012.

The Company is an investment holding company. Its only 60%-owned operating subsidiary, White Cubic Pte Ltd (“**WC**”), is primarily engaged in the business of wholesale of structural clay, concrete products, ceramic, mosaic and tiles, and brick-laying, stone setting and cement works. The Company previously had a 100%-owned subsidiary, Jason Parquet Specialist (Singapore) Pte Ltd (“**JPS**”), which was engaged in the business of renovation contractors, manufacturing of plywood, parquet, wooden building materials and timber related materials. JPS was wound up on 10 June 2016 and is currently in process of liquidation.

The Company has on 5 November 2018 announced the proposed acquisition of the entire 100% equity interests in Revez Group Pte Ltd (the “**Proposed Acquisition**”). As a condition of the Proposed Acquisition, Revez Group Pte Ltd will undertake a restructuring to hold directly or indirectly, the issued and paid up share capital in Revez Motion Pte. Ltd. (100%), Revez Pte. Ltd. (100%), IOIO Lab Pte. Ltd. (80%) and Newood Design Pte. Ltd. (51%) (collectively the “**Revez Group**”). The Revez Group specialises in the design and development of integrated suite of solutions by tapping on new technology, immersive multimedia, Artificial Intelligence (“**AI**”), Internet of Things (“**IOT**”), Information and Communications Technology (“**ICT**”), Software-as-a-Service (“**SAAS**”), and Creative & Content Service. The design and implementation of an integrated suite of solutions significantly transforms brand experience, communication and engagement, together with its add-on solutions that enhance the productivity and operations of the organisation. Within the Research & Development (“**R&D**”) arena, the Revez Group engages an Intellectual Property-centric strategy to achieve continued growth and expansion by exploring the possibilities of adopting new media and technology, and continuously working on new innovative solutions and building an intellectual property portfolio.

The Proposed Acquisition is in line with the Company’s strategy to venture into a new business area that has the potential for growth. In view of the historical financial performance of the Group, the Company has been constantly looking to explore new businesses for acquisition. The Proposed Acquisition represents a good opportunity for the Company to expand and diversify its businesses and operations, which will allow it to achieve a more consistent and sustainable financial growth. Together with and as a condition precedent to the Proposed Acquisition, the Company is proposing to dispose its entire 60% equity interests in WC for a consideration of \$20,000 (“**Proposed Disposal**”).

The Proposed Acquisition is classified as a “Reverse Takeover” as Rule 1006(b) and Rule 1006(d) of the Catalist Rules exceed 100% and the completion of the Proposed Acquisition will result in a change of control of the Company. Accordingly, the Proposed Acquisition and the Proposed Disposal will be subject to the approval of the shareholders of the Company at an extraordinary general meeting to be held on 18 April 2019.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Company (the “**Board**” or “**Directors**”), I would like to express my sincere gratitude to all shareholders for your patience and understanding during this challenging time. Following the completion of the Scheme of Arrangement in October 2017, the Board has been focusing its energy on the onward journey to resume the trading of the Company’s shares which includes evaluating various new businesses for acquisition. I am pleased to inform that the Company has in November 2018 entered into agreements for the proposed acquisition of the entire 100% equity interests in Revez Group Pte Ltd and the proposed disposal of its entire 60% equity interests in WC. The consideration for the Proposed Acquisition is \$42,660,000, and shall be satisfied by the allotment and issuance of 11,642,995,836 new shares in the share capital of the Company. The Proposed Acquisition represents a good opportunity for the Company to expand and diversify into the technology space, which will allow it to achieve a more consistent and sustainable financial growth. The Proposed Acquisition upon completion will herald a new chapter for the Company with a new Board, new management and a new name “Revez Corporation Ltd.”.

As the Proposed Acquisition is classified as a “Reverse Takeover” and the completion of the Proposed Acquisition will result in a change of control of the Company, the Proposed Acquisition will be subject to the approval of the shareholders of the Company at an extraordinary general meeting on 18 April 2019 after the annual general meeting of the Company to be held on the same day. A circular together with a notice of the extraordinary general meeting has been despatched to the shareholders of the Company together with this Annual Report 2018 to seek approval for, amongst others, the Proposed Acquisition, the Proposed Disposal, the whitewash resolution, the proposed share consolidation and the proposed compliance placement.

The Company has also on 10 December 2018 made a further application to the SGX-ST for an extension of time to submit the proposal to resume the trading in the Company’s shares from 31 December 2018 to 30 April 2019 which was approved by the SGX-ST on 21 December 2018 to allow time for the Proposed Acquisition to take effect.

Finally, I would like to take this opportunity to express my heartfelt appreciation to our loyal shareholders, Sponsor, advisors and service-providers for your continued support to the Company through the years. This will also be my last year as Executive Chairman of the Company. Contingent upon the passing of the resolutions at the extraordinary general meeting and upon re-election, I will step down as Executive Chairman and re-designate as a Non-Executive and Non-Independent Director of the Company upon the completion of the Proposed Acquisition.

Lim Chwee Kim
Executive Chairman
27 March 2019

FINANCIAL REVIEW – FINANCIAL YEAR ENDED 31 DECEMBER 2018

Comprehensive Income

Revenue

The Group's revenue for FY2018 was derived from its 60%-owned subsidiary, White Cubic Pte Ltd ("WC"), in projects relating to supply of structural clay, concrete products, ceramic, mosaic, tiles and cement works.

The Group recorded a decrease in revenue of approximately \$0.72 million or 59% from WC due to lack of big projects secured in FY2018 affected by financial constraint of the Group and slowdown in the market.

Gross Profit

Gross profit decreased by \$0.16 million or 35% when compared to FY2017 due to the decrease in revenue of WC. There was an increase in gross profit margin from 37% in FY2017 to 60% in FY2018 due to the higher revenue derived from higher margin projects (about 53% of total revenue) in FY2018 when compared to the previous year (about 26% of total revenue). The higher gross profit margin was also due to product distribution sales made from inventories which have been fully provided for in prior years.

Other Income

Other income in FY2018 mainly related to a gain from the reimbursement of banker's guarantee cost by a project's main contractor of approximately \$20,000. There was storage rental of approximately \$20,000 charged to WC's customers in FY2018 (FY2017: \$30,000). In FY2017, there was a gain of \$1.12 million arising from a write off of other payables and accruals pursuant to the Scheme of Arrangement.

Administrative Expenses

Administrative expenses declined by \$0.18 million or 24%. This was mainly attributed to decrease in staff salary and related costs of WC as a result of reduction in headcounts and lower warehouse rental costs of WC due to decrease in sales activities.

Other Expenses

Other expenses declined by \$0.51 million or 54%. This was mainly due to lower legal and professional fees and depreciation of plant and equipment incurred in FY2018.

Loss for the Financial Year

The Group's loss increased by \$0.56 million in FY2018 as compared to a loss of \$0.12 million in FY2017. The higher loss was mainly due to the absence of the gain on write off of other payables and accruals of \$1.12 million pursuant to the Scheme of Arrangement in FY2017 and lower gross profit earned in FY2018 of \$0.16 million which was negated by lower other expenses and administrative expenses in FY2018 amounting to \$0.51 million and \$0.18 million respectively.

FINANCIAL REVIEW – FINANCIAL YEAR ENDED 31 DECEMBER 2018

Financial Position

Assets

The Group's total assets decreased by 18% or \$0.12 million from \$0.66 million as at 31 December 2017 to \$0.54 million as at 31 December 2018. The decrease was mainly attributable to a decline in contract assets of approximately \$101,000 due to release of retention monies on completed projects in the first half of FY2018, decrease in cash and cash equivalents of approximately \$27,000 and refund of income tax by IRAS of approximately \$16,000. This is partially offset by an increase in trade and other receivables of approximately \$25,000 due to new billings in FY2018 and an increase in plant and equipment of \$2,000 from addition of computers.

Liabilities

The Group's total liabilities increased by 31% or \$0.55 million from \$1.75 million as at 31 December 2017 to \$2.30 million as at 31 December 2018. The increase was mainly attributable to an increase in trade and other payables of approximately \$0.47 million comprising mainly higher accrued legal and professional fees and accrued directors' fees of the Company of approximately \$269,000 and \$95,000 respectively. An amount due to a director of the Company and amount due to related party (a director of WC) of approximately \$60,000 and \$34,000 respectively also added to the increase in liabilities as at 31 December 2018.

Cash Flow Position

Net cash and cash equivalents for the Group decreased from approximately \$34,000 as at 31 December 2017 to approximately \$7,000 as at 31 December 2018. The decrease was due to net cash used in operating activities and investing activities amounting to \$112,000 and \$3,000 respectively. Negative cash from operating activities of \$112,000 was mainly due to loss incurred for the financial year which was partly offset by cash from reduction in contract assets and increase in trade and other payables comprising mainly legal and professional fees and directors' fees. This is partially offset by net cash from financing activities of \$88,000 arising mainly from loan from a director of the Company and a related party (a director of WC).

Going Concern

For FY2018, the Group recorded a net loss of \$0.67 million, generated negative cash flows of \$112,000 from operating activities, and was in a net current liability and net liability position of \$1.76 million respectively as at 31 December 2018.

The financial statements of the Group and the Company have been prepared on the going concern basis. The ability of the Group and the Company to continue as going concerns are dependent on the reverse takeover of Revez Group Pte Ltd and the undertaking of Mr Lim Chwee Kim, Executive Chairman and a controlling shareholder of the Company, to provide continuing financial support to enable the Company to meet its liabilities as and when they are fall due. In addition, a director of WC has undertaken to provide continuing support to WC.

BOARD OF DIRECTORS

LIM CHWEE KIM

Executive Chairman

Mr Lim Chwee Kim joined the Board as Non-Executive Chairman on 10 December 2015. He was re-elected and re-designated as Executive Chairman on 28 May 2018.

Mr Lim was previously the founder and CEO of RichLand Group Limited (“**RGL**”) where his primary responsibility was to formulate business strategies to chart the future growth of the group. Mr Lim started the business of providing cargo transportation services, container haulage and project cargo movement in 1992 under a sole proprietorship known as RichLand Cargo Trucking & Labour Service Agency and spearheaded the group’s expansion into related businesses such as airport cargo terminal handling in 1994 and warehousing, storage and micro distribution in 1996. In 2008, Mr Lim sold his controlling stake in RGL and subsequently acquired from RGL the China investment holding company, RLG Holdings Pte. Ltd. (“**RLG Holdings**”) and its subsidiaries in China, as he decided to continue to develop the land development investment project in Chengdu, China. RLG Holdings was renamed as BroyLand Holdings Pte. Ltd. in 2009. The core businesses of BroyLand Holdings Pte. Ltd. are logistics, freight forwarding and cargo service agency, as well as commercial properties and sale of sand and granite.

Mr Lim was also an executive director of Fuyuan Resources Pte. Ltd., a company engaged in the sale of sand, granite and building materials, since its incorporation in 1999 until 2012. Mr Lim is currently an independent director of Union Gas Holdings Limited (listed on Catalist), a director of KKD Logistics Pte Ltd and the vice chairman of the Citizen Consultative Committee of Hougang Single Member Constituency (SMC).

WUI HECK KOON

Lead Independent Director

Mr Wui Heck Koon joined the Board on 11 June 2014 and was last re-elected on 31 August 2018.

Mr Wui is the group chief financial officer of Serial System Ltd, a company listed on the Main Board of Singapore Stock Exchange. He joined Serial System Ltd in 2000 and was appointed group company secretary the following year and group financial controller in 2006. He was re-designated as its group chief financial officer in 2011.

Mr Wui is a Chartered Accountant with corporate advisory and public accounting experience gained with an international accounting firm. He obtained a Bachelor of Accountancy with Honours from the Nanyang Technological University in 1993 and a Master of Business Administration from the Warwick Business School in the United Kingdom in 2010.

BOARD OF DIRECTORS

KARAM SINGH PARMAR

Independent Director

Mr Karam Singh Parmar joined the Board on 26 June 2012 and was last re-elected on 28 May 2018.

Mr Karam is a senior partner of Tan Kok Quan Partnership and heads its Building and Construction department. Prior to this, he worked with Lee & Lee from 1993 to 2000 as a trainee, legal associate and partner successively. He was an assistant treasurer in the corporate planning department of DBS Bank Ltd. from 1989 to 1990. Mr Karam currently sits on the board of two non-listed companies.

Mr Karam obtained a Bachelor of Engineering (Civil) degree from the National University of Singapore in 1988, and a Bachelor of Laws degree from the University of London in 1991. He received his Master of Science in Construction Law and Arbitration from King's College, University of London, in 1997.

TAN LAI HENG

Independent Director

Mr Tan Lai Heng joined the Board on 26 June 2012 and was last re-elected on 31 August 2018.

Mr Tan is the executive chairman of ETLA Limited, which together with its subsidiaries, form the Asian mechatronics division of Singapore-listed Frencken Group Limited. He also sat on the board of Frencken Group Limited as an executive director from July 2009 to April 2016. Mr Tan founded Eng Tic Lee Engineering in 1985 to provide air-conditioner ducting to the automobile industry. He subsequently founded Eng Tic Lee Achieve Pte. Ltd. (formerly known as Eng Tic Lee Engineering (S) Pte Ltd) in 1992 to further expand the business by providing metal fabrication and engineering services, contract equipment manufacturing services and metal fabrication services. Mr Tan was its managing director until 2006.

CORPORATE INFORMATION

Board of Directors

Lim Chwee Kim
Executive Chairman

Wui Heck Koon
Lead Independent Director

Karam Singh Parmar
Independent Director

Tan Lai Heng
Independent Director

Audit Committee

Wui Heck Koon (Chairman)
Karam Singh Parmar
Tan Lai Heng

Nominating Committee

Karam Singh Parmar (Chairman)
Wui Heck Koon
Tan Lai Heng

Remuneration Committee

Karam Singh Parmar (Chairman)
Wui Heck Koon
Tan Lai Heng

Company Secretary

Wong Yoen Har (ACIS)

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Company Sponsor

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

Registered Office

11 Tampines Street 92
#03-05 Tampines BizHub
Singapore 528872
Tel : (65) 6753 0883
Fax : (65) 6753 5833

Independent Auditor

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road
#29-15 International Plaza
Singapore 079903
Audit Partner: Mr. Neo Keng Jin
(since financial year ended 31 December 2017)

CORPORATE GOVERNANCE REPORT

The Board recognises the importance of good corporate governance practices within the Group to safeguard the interest of shareholders and to enhance corporate value and accountability. The Board will continue to be committed to enhancing the Group's corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Singapore Code of Corporate Governance 2012 (the "**2012 CG Code**") and the requirements under Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the "**Catalist Rules**").

This Corporate Governance Report describes the Company's corporate governance practices and structures that were in place during the financial year ended 31 December 2018 ("**FY2018**") with reference to the 2012 CG Code. Where there are deviations from the recommendations of the 2012 CG Code, appropriate explanations have been provided.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the "**2018 CG Code**") and accompanying Practice Guidance. The 2018 CG Code supersedes and replaces the 2012 CG Code and will apply to Annual Reports covering financial years commencing from 1 January 2019. The Group will review and set out the corporate practices in place to comply with the 2018 CG Code, where appropriate, in the next Annual Report.

BOARD MATTERS

The Board's Conduct of Affairs

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

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. Matters which specifically require the Board's decision or approval are those involving:

- (a) corporate strategy and business plans;
- (b) investment and divestment proposals;
- (c) funding decisions of the Group;
- (d) nominations of Directors for appointment and re-appointment to the Board and appointment of key personnel;
- (e) announcement of half-year and full-year results, the annual report and accounts;
- (f) material acquisitions and disposals of assets; and
- (g) all matters of strategic importance.

Certain matters are delegated to committees whose actions are monitored by the Board. These committees include the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), which operate within clearly defined terms of reference and functional procedures.

CORPORATE GOVERNANCE REPORT

All Directors exercise due diligence and independent judgement, and are obliged to act in good faith and consider at all times the interests of the Company.

The Board meets regularly with at least two scheduled meetings held within each financial year. The Board also holds meetings when warranted by particular circumstances, as deemed appropriate by the Board members. The Company's Constitution allows Board meetings to be conducted by way of telephone conferencing, video conferencing and through other electronic means of communication. The Board and Board committees may also make decisions through circulating resolutions.

During FY2018, the number of meetings held and attended by each member of the Board is as follows:

Types of Meeting	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Name of Director								
Jason Sim Chon Ang ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sim Choon Joo ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lim Chwee Kim	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Wui Heck Koon	4	4	3	3	2	2	2	2
Karam Singh Parmar	4	2	3	2	2	1	2	1
Tan Lai Heng	4	3	3	2	2	1	2	1

N/A: Not Applicable

Note:

(1) Jason Sim Chon Ang and Sim Choon Joo retired as Directors of the Company at the Annual General Meeting held on 28 May 2018.

A formal letter of appointment is furnished to every newly appointed Director upon their appointment setting out their roles, obligations, duties and responsibilities as members of the Board. Newly appointed Directors will undergo an orientation programme with materials provided to help them get familiarised with the business and organisation structure of the Group. To get a better understanding of

CORPORATE GOVERNANCE REPORT

the Group's business, the Directors are also given the opportunity to visit the Group's operational facilities and meet with Management (represented by and referred to Lim Chwee Kim, Executive Director and Chairman of the Company in this Corporate Governance Report as the Company has no employees during FY2018). Directors may, at any time, request for further explanations through informal discussions on any aspect of the Group's operations or business issues from the Management.

The Board is briefed on the Company's corporate governance practices, regulatory regime and their duties as Directors. Directors are updated regularly on changes in relevant laws and regulations, developments and business initiatives and challenges related to the Group and industry.

The Company is responsible for arranging and funding the training of Directors. Directors are encouraged to attend relevant training programmes conducted by the Singapore Institute of Directors, the SGX-ST, business and financial institutions as well as consultants. The Company will provide training for the Director who has no prior experience as a director of a listed company.

Board Composition and Guidance

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

As at the date of this Corporate Governance Report, the Board comprises the following Directors:

Executive Director

Lim Chwee Kim	Executive Chairman
---------------	--------------------

Non-Executive Directors

Wui Heck Koon	Lead Independent Director
Karam Singh Parmar	Independent Director
Tan Lai Heng	Independent Director

There is adequate relevant competence on the part of the Directors, who, as a group, carry specialist backgrounds in law, accounting, finance, business and management and strategic planning. The profile of the Directors is set out on the "Board of Directors" section on pages 5 and 6 of this Annual Report.

The Board currently comprises three Independent Directors and one Executive Director. There is therefore a good balance between the Executive and Non-Executive Directors to maintain a strong and independent element on the Board. The Board noted and has complied with the requirement under the 2012 CG Code for independent directors to make up at least half of the Board. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

The Board through the NC has examined its size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the

CORPORATE GOVERNANCE REPORT

operations of the Group. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The independence of each Director is reviewed annually by the NC. The NC adopts the definition in the 2012 CG Code and guidelines provided in the Audit Committee Guidance Committee Guidebook as to what constitutes an independent director in its review to ensure that the Board consists of persons who, together, will provide core competencies necessary to meet the Company's objectives. The NC is of the view that Wui Heck Koon, Karam Singh Parmar and Tan Lai Heng are independent. The Independent Directors do not have any relationships including immediate family relationships with the Directors, the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company. None of the Independent Directors has served on the Board beyond nine years from the date of his first appointment.

The Non-Executive Directors will constructively challenge the Executive Director and assist in the development of proposals on strategy, and review the performance of the Executive Director in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the Non-Executive Directors will have discussions amongst themselves without the presence of the Executive Director.

Chairman and Chief Executive Officer

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

With effect from 28 May 2018, Lim Chwee Kim has been re-designated from Non-Executive Chairman to Executive Chairman of the Company. The role and the responsibilities of the Executive Chairman include but not limited to the arrangement of board meetings as well as to promote a culture of openness and debate at the Board to ensure the Board's effectiveness. Besides ensuring that the Directors receive complete, adequate and timely information, the role of the Executive Chairman includes ensuring effective communication with shareholders and promoting high standards of corporate governance.

Lim Chwee Kim is a controlling shareholder of the Company and has been playing an instrumental role in the debt restructuring and future business plans of the Company. To ensure that shareholders' interests are protected, the Company has appointed Wui Heck Koon as its Lead Independent Director. The Lead Independent Director is available to shareholders to whom concerns may be conveyed to as and when the need arises.

The Independent Directors meet at least once annually without the presence of the Executive Director, and the Lead Independent Director will provide feedback to the Chairman of the Board after such meetings, if necessary.

CORPORATE GOVERNANCE REPORT

Board Membership

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

The NC makes recommendation to the Board on all board appointments. The NC comprises three members and all of them are Independent Directors. The members of the NC are as follows:

Karam Singh Parmar	(Chairman)
Wui Heck Koon	(Member)
Tan Lai Heng	(Member)

The nature of the Directors' appointment on the Board and details of their membership on the Board committees as at the date of this Corporate Governance Report are set out as below:

Director	Board Membership	AC	RC	NC
Lim Chwee Kim ⁽¹⁾	Executive Chairman	–	–	–
Wui Heck Koon	Lead Independent Director	Chairman	Member	Member
Karam Singh Parmar	Independent Director	Member	Chairman	Chairman
Tan Lai Heng	Independent Director	Member	Member	Member

Note:

(1) Lim Chwee Kim was re-designated from Non-Executive Chairman to Executive Chairman of the Company on 28 May 2018.

The NC has written terms of reference that describe its duties and the responsibilities of its members. The principal functions of the NC are as follows:

- (a) to review and recommend the nomination or re-nomination of Directors having regard to their contribution and performance;
- (b) to determine on an annual basis whether or not a Director is independent;
- (c) to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director, taking into account the Director's number of listed company board representations and other principal commitments;
- (d) to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board; and
- (e) to recommend to the Board the review of Board succession plans for the Directors, in particular, for the Chairman of the Board and the CEO.

To address the competing time commitments that are faced by the Directors who serve on multiple boards of publicly listed companies, the Board has determined that the maximum number of listed company board representations each Director is allowed to hold is as follows:

- (a) six directorships without other executive role; or
- (b) four directorships with other executive role(s).

CORPORATE GOVERNANCE REPORT

There is no alternate Director on the Board.

The NC also leads the process for the search, identification, evaluation and selection of suitable candidates for new directorship. In its search and selection process, the NC considers factors such as the ability of the prospective candidate to contribute to discussions, deliberations and activities of the Board. The NC also reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify needed and/or desired competencies to supplement and provide diversity to the Board's existing attributes.

The NC reviews and assesses candidates for directorship before making recommendations to the Board. The NC takes into consideration the skills and experience required and the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and abilities when recommending new directors to the Board.

The process for the appointment of new directors begins with the NC conducting a needs analysis and identifying the critical requirement in terms of expertise and skills that are needed in the context of the strengths and weaknesses of the existing Board. When a candidate has been endorsed by the NC, the NC will then make a recommendation to the Board for the approval of his appointment.

New directors are appointed only after the NC has reviewed and nominated them by taking into consideration the qualification and experience of each candidate, his/her ability to enhance the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.

Under the Company's Constitution, all Directors are required to submit themselves for re-nomination and re-election every three years. Directors who retire are eligible to offer themselves for re-election. Further, at each annual general meeting ("AGM") at least one-third of the Directors (or, if the number of Directors is not a multiple of three, the number of Directors nearest to but not less than one-third of the number of Directors) shall retire from office by rotation.

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-nomination for re-election. In evaluating a Director's contribution and performance for the purpose of re-nomination, the NC takes into consideration a variety of factors such as attendance, preparedness, candour and participation in and outside meetings, as well as the quality of Director's contributions.

The NC has reviewed and satisfied that Lim Chwee Kim and Karam Singh Parmar, who are retiring pursuant to Article 98 of the Company's Constitution, are properly qualified for re-election by virtue of their skills, experience and contributions.

Each member of the NC has abstained from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director of the Company. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.

CORPORATE GOVERNANCE REPORT

The date of initial appointment and last re-election of each Director, together with his directorships in other listed companies in the past three financial years and to-date, are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	
				Current	Past (FY2016 – FY2018 and up to the date of this Corporate Governance Report)
Lim Chwee Kim ⁽¹⁾	Executive Chairman	10/12/2015	28/05/2018	Union Gas Holdings Limited	–
Wui Heck Koon	Lead Independent Director	11/06/2014	31/08/2018	–	–
Karam Singh Parmar	Independent Director	26/06/2012	28/05/2018	–	–
Tan Lai Heng	Independent Director	26/06/2012	31/08/2018	–	Frencken Group Limited

Note:

(1) Lim Chwee Kim was re-designated from Non-Executive Chairman to Executive Chairman of the Company on 28 May 2018.

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F relating to Lim Chwee Kim and Karam Singh Parmar is disclosed below:

Name of retiring Director	Lim Chwee Kim	Karam Singh Parmar
Date of appointment	10 December 2015	26 June 2012
Date of last re-appointment	28 May 2018	28 May 2018
Age	61	56
Country of principal residence	Singapore	Singapore

CORPORATE GOVERNANCE REPORT

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered the recommendation of the Nominating Committee and has assessed Lim Chwee Kim's requisite knowledge, capabilities and experiences to assume the responsibilities.	The Board has considered the recommendation of the Nominating Committee and has assessed Karam Singh Parmar's requisite knowledge, capabilities and experiences to assume the responsibilities.
Whether appointment is executive, and if so, the area of responsibility	Executive. Manages the affairs of the Company and its subsidiary.	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board	Independent Director, Chairman of Nominating and Remuneration Committee and member of Audit Committee
Professional qualifications	Completed Secondary 4	Bachelor of Engineering (Civil) degree from the National University of Singapore, Bachelor of Laws degree from the University of London, Master of Science in Construction Law and Arbitration from King's College, University of London
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	None
Conflict of interest (including any competing business)	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7H (Listing Rule 720(1))	Yes	Yes

CORPORATE GOVERNANCE REPORT

Working experience and occupation(s) during the past 10 years	December 2015 – Current Chairman – Jason Holdings Limited June 2017 – Current Independent Director – Union Gas Holdings Limited For Lim Chwee Kim’s other working experience, please refer to the “Board of Directors” section on page 5 of this Annual Report.	June 2012 – Current Independent Director – Jason Holdings Limited Senior Partner – Tan Kok Quan Partnership For Karam Singh Parmar’s other working experience, please refer to the “Board of Directors” section on page 6 of this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Yes	Yes
Shareholding details	2,042,800,000 ordinary shares	1,523,359 ordinary shares
Other Principal Commitments including Directorships		
Past (for the last 5 years)	Broyland Properties Pte Ltd Sai Ho Realty Pte Ltd Chengdu Broyland Logistics Investment Management Co., Ltd Chengdu Broyland Logistics Services Co., Ltd Crownshine Season Fruits Private Limited Broyland China Investment Pte Ltd BroyLand Trading Pte. Ltd	
Present	Union Gas Holdings Limited BroyLand Logistics Services Pte Ltd KKD Logistics Pte Ltd	Senior Partner – Tan Kok Quan Partnership AK Anaesthesia Pte Ltd Training Ventures Pte Ltd

CORPORATE GOVERNANCE REPORT

Information Required Pursuant to Catalyst Rule 704(5)		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of	<p>10 November 2016 – Australia and New Zealand Banking Group Limited filed a winding up application against Jason Holdings Limited, which has since been withdrawn.</p> <p>10 June 2016 – a winding up application against JPS was heard before the High Court and an order for JPS be wound up was made. Following the winding up order, JPS was put under liquidation.</p>	<p>10 November 2016 – Australia and New Zealand Banking Group Limited filed a winding up application against Jason Holdings Limited, which has since been withdrawn.</p> <p>10 June 2016 – a winding up application against JPS was heard before the High Court and an order for JPS be wound up was made. Following the winding up order, JPS was put under liquidation.</p>

CORPORATE GOVERNANCE REPORT

a business trust, that business trust, on the ground of insolvency?		
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of	No	No

CORPORATE GOVERNANCE REPORT

any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?		
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	JPS was charged and fined by the Ministry of Manpower for breaches under the Workplace Safety and Health Act for failure to take adequate safety measure at a workplace. The Company was reprimanded by SGX for breaches of the Catalist Rules in relation to announcement of material information concerning the Group. The Group materially overstated its revenue in its half year ended 30 June 2015 financial results.	JPS was charged and fined by the Ministry of Manpower for breaches under the Workplace Safety and Health Act for failure to take adequate safety measure at a workplace. The Company was reprimanded by SGX for breaches of the Catalist Rules in relation to announcement of material information concerning the Group. The Group materially overstated its revenue in its half year ended 30 June 2015 financial results.

CORPORATE GOVERNANCE REPORT

<p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p>	No	No
<p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p>	No	No
<p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No

CORPORATE GOVERNANCE REPORT

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Information required Disclosure applicable to the appointment of Director only		
<p>Any prior experience as a director of an issuer listed on the Exchange?</p> <p>If Yes, please provide details of prior experience.</p> <p>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.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	Not applicable	

Further key information regarding the Directors and information on shareholdings in the Company held by each Director are set out in the "Board of Directors" section on pages 5 and 6 and "Directors' Statement for the Financial Year ended 31 December 2018" section on pages 36 to 37 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Board Performance

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

The NC decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval, which addresses how the Directors have enhanced long-term shareholders' value. The Board has also implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution from each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance and the performance of individual Directors. Where relevant, the NC will consider such engagement.

The evaluations of the Board, the Board committees and individual directors are conducted annually. As part of the process, the Directors will complete appraisal forms which are collated by the Company Secretary. The Company Secretary will then review the results of the appraisal and present the results to the Chairman of the NC who will then present a report to the Board.

The appraisal process for the Board focuses on the evaluation of factors such as the Board structure, the Board's conduct of meetings, effectiveness in its monitoring role and the attainment of the strategic objectives, and effectiveness in its communication with shareholders. The evaluation of the Board committees focuses on the effectiveness of their respective supporting roles to the Board.

The process of the individual assessment is through self-assessment where each Director will complete appraisal forms. Some factors considered in the individual assessment are Director's attendance, preparedness, candour and participation in and outside meetings, as well as the quality of Director's contributions.

For FY2018, the NC is satisfied with the effectiveness of the Board and the Board committee, and the contribution by each Director (only includes the Directors on the Board as at the date of this Corporate Governance Report) to the effectiveness of the Board.

Access to Information

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

Directors are furnished with information from the management of White Cubic Pte Ltd ("WC") about the business and financial of WC as well as updated with the status of the ongoing search for new business including details, terms and conditions on the proposed acquisition of Revez Group Pte Ltd and proposed disposal of WC from the Executive Chairman which were discussed at Board and AC meetings or informal meetings.

CORPORATE GOVERNANCE REPORT

All Board members have separate and independent access to the Management and Company Secretary. The Company Secretary attends all Board meetings. The Company Secretary is responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act, Chapter 50 of Singapore, and the provisions in the Catalist Rules are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises three members and all of them are Independent Directors. No Director is involved in deciding his own remuneration. The members of the RC are as follows:

Karam Singh Parmar	(Chairman)
Wui Heck Koon	(Member)
Tan Lai Heng	(Member)

The RC has written terms of reference that describe the responsibilities of its members as follows:

- (a) to review and approve the policy for determining the remuneration of the executives of the Group, including that of the Executive Directors, CEO and other key management executives;
- (b) to review the on-going appropriateness and relevance of our executive remuneration policy and other benefit programmes;
- (c) to consider, review and approve and/or vary (if necessary) the entire specific remuneration package and service contract terms for each member of key management (including salaries, allowances, bonuses, payments, options, benefits-in-kind, retirement rights, severance packages and service contracts) having regard to the executive remuneration policy for each of the companies within the Group;
- (d) to review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- (e) to consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to each member of key management;
- (f) to determine, review and approve the design of all option plans, stock plans and/or other equity-based plans that the Group proposes to implement, to determine each year whether awards will be made under such plans, to review and approve each award as well as the total proposed awards under each plan in accordance with the rules governing each plan and to review, approve and

CORPORATE GOVERNANCE REPORT

- keep under review performance hurdles and/or fulfilment of performance hurdles under such plans;
- (g) to approve the remuneration framework (including Directors' fees) for Non-Executive Directors on the relevant boards of directors within the Group; and
 - (h) to review the remuneration of employees who are related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guideline and commensurate with their respective job scopes and level of responsibilities.

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel, and to determine the remuneration package for the Executive Directors and the CEO. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

In its review, the RC's objective is to establish and maintain a level of remuneration that would be appropriate to attract, retain and motivate the Directors and key management personnel to run the Group successfully. The RC also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies.

In the case of service contracts, the RC will consider what compensation commitments the Directors' or key management personnel's contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance.

The RC will engage professional advice in relation to remuneration matters as and when the need arises. The RC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

Level and Mix of Remuneration

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

The Company has a remuneration policy for the Executive Directors, which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and a variable bonus, which takes into account the performance of the Company and the performance of the Executive Directors. The recommendations of the RC on remuneration of Directors would be submitted for endorsement by the entire Board.

In setting the remuneration packages of the Executive Directors and key management personnel, the Company takes into consideration the remuneration and employment conditions and makes a

CORPORATE GOVERNANCE REPORT

comparative study of the packages of the Executive Directors and key management personnel in comparable companies/industries as well as the Group's relative performance.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as the variable components of the Executive Directors and key management personnel are moderate. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedy against the Executive Directors in the event of such breach of fiduciary duties.

The Independent Directors are paid fixed Directors' fees, which are determined by the Board, appropriate to their level of contribution, taking into account factors such as the effort and time spent and the responsibilities of each Independent Director. The Directors' fees are subject to approval by shareholders at each AGM. The Independent Directors do not receive any other remuneration from the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The Company does not have any employee share option scheme or other long-term employee incentive scheme.

Disclosure on Remuneration

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

A breakdown, showing the level and mix of each individual Director's remuneration for FY2018 are as follows:

Director	Salary %	Bonus %	Benefits %	Directors' Fees ⁽³⁾ %	Total \$
Lim Chwee Kim ⁽¹⁾	-	-	-	-	-
Jason Sim Chon Ang ⁽²⁾	-	-	-	-	-
Sim Choon Joo ⁽²⁾	-	-	-	-	-
Wui Heck Koon	-	-	-	100	35,000
Karam Singh Parmar	-	-	-	100	30,000
Tan Lai Heng	-	-	-	100	30,000

Notes:

(1) Lim Chwee Kim was re-designated from Non-Executive Chairman to Executive Chairman of the Company on 28 May 2018. He was not paid remuneration for FY2018.

CORPORATE GOVERNANCE REPORT

- (2) Jason Sim Chon Ang and Sim Choon Joo resigned as directors of the Company on 28 May 2018. They have not been entitled to nor paid any remuneration for FY2018.
- (3) The Directors' fees amounting to \$95,000 for FY2018 have not been approved by the shareholders of the Company but has been accrued in FY2018. The Directors' fees for FY2018 will be tabled for the approval of the shareholders of the Company at the forthcoming AGM on 18 April 2019. The Directors' fees amounting to \$23,750 for the financial period from 1 January 2019 to 31 March 2019 will also be tabled for the approval of the shareholders at the forthcoming AGM.

The Company adopts a remuneration strategy that supports pay-for-performance. The Company adopts certain key performance indicators that link with the Company's performance and shareholders' returns. The annual performance review of executives assesses the individual performance and contributions. The remuneration structure for the executives consists of the following components:

- Salary – fixed pay comprises basic salary and statutory contributions;
- Bonus – based on Company's and individual performance; and
- Other benefits – usage of Company's car and other benefits-in-kind.

There were no key management personnel during FY2018. Accordingly, there were no breakdown showing the level and mix of top key management personnel (who are not Directors or CEO) for FY2018.

There are no termination, retirement and post-employment benefits granted to the Directors.

There was no employees of the Group whose remuneration exceeded \$50,000 during FY2018 who was an immediate family member of any of the Directors or CEO.

ACCOUNTABILITY AND AUDIT

Accountability

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

In line with the continuing disclosure obligations of the Company under the Catalist Rules, it is the Board's policy that shareholders be informed of all major developments of the Company. Information is presented to shareholders on a timely basis through the SGXNet. In presenting the annual reports of the Company, and the half year and full year financial results announcements to the shareholders of the Company, it is the responsibility of the Board to provide the shareholders with a balanced and understandable assessment of the Group's financial position, performance and prospects.

As all personnel have left the employment of the Company, the Board has endeavored to discharge its duties and responsibilities in relation to the Company's FY2018 financial status with only the support of the Executive Chairman, and WC's FY2018 financial status with the assistance of the management of WC.

Aside from adopting corporate governance practices in line with the spirit of the 2012 CG Code, the Board also takes adequate steps, with the assistance from its advisors, to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosures under the

CORPORATE GOVERNANCE REPORT

Catalist Rules. Further, arising from winding up of JPS, the Board has been announcing and will continue to announce a monthly update regarding the Group's financial situation in accordance with Rule 704(22) of the Catalist Rules until the liquidation of JPS is completed.

Risk Management and Internal Controls

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

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has the ultimate responsibility of approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework. The AC oversees risk governance which includes the following roles and responsibilities:

- (a) proposes the risk governance approach and risk policies for the Group to the Board;
- (b) reviews the risk management methodology adopted by the Group;
- (c) reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by the Management; and
- (d) reviews the Management's assessment of risks, and the Management's action plans to mitigate such risks.

The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls framework, including financial, operational, compliance, information technology controls and risk management system at least on an annual basis.

For FY2018, the Executive Chairman has provided his confirmation to the Board that (a) the financial records have been properly maintained and the financial statements of the Company give a true and fair view of the Company's operations and finances; and (b) the Company's risk management and internal control systems are adequate and effective.

CORPORATE GOVERNANCE REPORT

Based on: (a) the work performed by the external auditors; and (b) the abovementioned confirmations received from the Executive Chairman, the Board, with the concurrence of the AC, is of the opinion that the Company's current internal control procedures in place to address financial, operational, compliance, information technology controls and risk management systems are adequate and effective.

Audit Committee

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

The AC comprises three members and all of them are Independent Directors:

Wui Heck Koon	(Chairman)
Karam Singh Parmar	(Member)
Tan Lai Heng	(Member)

The AC has written terms of reference that describe the responsibilities of its members. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

The AC assists the Board in discharging its responsibilities to safeguard the assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group.

The AC provides a channel of communication between the Board, the Management and the external auditors on matters relating to audit. The AC meets periodically, *inter alia*, to:

- (a) review the audit plans of the external auditors and internal auditors, including the results of the external auditors and internal auditors' review and evaluation of the system of internal controls of the Group;
- (b) review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the external auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (c) review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Catalist Rules before submission to the Board for approval;
- (d) review and discuss with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) review the co-operation given by the Management to the external auditors;
- (f) consider the appointment or re-appointment of the external auditors;
- (g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) review any potential conflicts of interests;

CORPORATE GOVERNANCE REPORT

- (i) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (k) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time; and
- (l) oversee risk governance.

Apart from the duties listed above, the AC will commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected 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 in respect of matters in which he is interested.

The AC will also commission an annual internal control audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any). Prior to the decommissioning of such annual audit, the Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by the AC as and when it deems fit to satisfy itself that the Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNet of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by the Board. There was no internal audit performed in FY2018. Please refer to Principle 13 below for more details.

The AC has explicit authority to investigate any matter within its terms of reference. With limited resources coupled with the fact that all management personnel have left the employment of the Company, the AC currently does not have any Management to discharge its function properly. However, it has full discretion to invite any Executive Director or key management personnel of its subsidiary to attend its meetings.

In the discharge of its functions and duties, the AC had carried out activities which are in line with the terms of reference of the AC for FY2018.

The AC meets with the external and internal auditors, without the presence of the Management, at least once a year. The AC met with the external auditors, without the presence of the Management to discuss the audit matters for FY2018. There was no meeting with internal auditors for FY2018 as no internal audit was performed in FY2018. Please refer to Principle 13 below for more details.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with training conducted by professionals or external consultants.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money

CORPORATE GOVERNANCE REPORT

consideration. In respect of FY2018, the aggregate amount of audit fees paid or payable to the external auditors for audit services amounted to \$40,000. There was no non-audit fee paid or payable to the external auditors for FY2018.

For FY2018, the AC has reviewed and is satisfied with the independence and objectivity of the external auditors. In the AC's opinion, Moore Stephens LLP is suitable for re-appointment and it has accordingly recommended to the Board that Moore Stephens LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM to be held on 18 April 2019.

The Company has complied with Rules 712 and 715 of the Catalist Rules in appointing the audit firm for the Group. No former partner or director of the Company's existing auditing firm is a member of the AC.

The Board has, on the recommendation of the AC, implemented a whistle-blowing policy whereby the staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware. No whistle-blowing letter or email was received in FY2018.

Internal Audit

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

The AC approves the hiring, removal, evaluation and remuneration of the consultancy firm to which the internal audit function is outsourced. The IA reports directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions to the Management are reported to the AC periodically.

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that the Management provides the necessary co-operation to enable the IA to perform its function.

The AC periodically assesses the composition of the IA staff performing the internal audit to ensure they have the relevant qualifications and experience for their planned scope of work.

The AC will ensure that the IA is guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively.

CORPORATE GOVERNANCE REPORT

Due to the special circumstances of the Company and lack of resources, no internal audit was performed in FY2018.

Shareholder Rights

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

The Company's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet, especially information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also posted onto the SGXNet on the day of despatch of the annual reports or circulars to shareholders. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducts poll voting for all resolutions tabled at the general meetings. The rules, including the voting procedures, will be clearly explained by the scrutineers at such general meetings.

The Company's Constitution also allows shareholders to appoint up to two proxies in their absence to attend and vote on their behalf at the general meetings. Further, the Company allows corporations which provide nominee or custodial services to appoint more than two proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such corporate shareholders.

Communication with Shareholders

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

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, Chapter 50 of Singapore, it is the Board's policy to ensure that all shareholders are informed regularly and on a timely basis of every significant development that has an impact on the Group. Further, arising from the winding up of JPS, the Board has been announcing and will continue to announce a monthly update regarding the Group's financial situation in accordance with Rule 704(22) of the Catalist Rules until the liquidation of JPS is completed.

CORPORATE GOVERNANCE REPORT

The Company does not practise selective disclosure. Price-sensitive information is first publicly released through SGXNet either before the Company meets with any investor or analyst, or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period (and where this is not possible, relevant extensions of time are sought in accordance with applicable laws, regulations and rules).

The Board recognizes that the general meetings are the most feasible medium for communicating with shareholders to solicit and understand the view of shareholders. Time will be allocated for greater shareholders' participation at general meetings as well as to provide shareholders the opportunity to communicate their views on matters affecting the Group. The Lead Independent Director is also available to shareholders to whom concerns may be conveyed to as and when the need arises.

The Company currently does not have a fixed dividend policy as the form, frequency and amount of dividends depends on the Company's performance. The Management after reviewing the performance of the Company in the relevant financial period will make appropriate recommendations to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNet. No dividend is recommended for FY2018 as the Group and Company recorded losses for FY2018 and the Company has accumulated losses as at 31 December 2018.

Conduct of Shareholder Meetings

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

Shareholders are given the opportunity and time to voice their views and ask the Directors or the Management pertinent questions at the Company's AGMs and other general meetings. The Chairman of the Board and each Board committee is required to be present to address questions at the AGMs and other general meetings. External auditors are also present at such meeting to assist the Directors to address any relevant shareholders' queries about the conduct of audit as well as the preparation and content of the auditors' report, if necessary.

The Company's Constitution currently does not allow a shareholder to vote in absentia as the authentication of shareholders' identity information and other related integrity issues still remain a concern.

The proceeding of the general meetings will be properly recorded, including all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and to make these minutes available to shareholders upon their request.

Resolutions are, as far as possible, structured separately and voted on independently. Shareholders are invited to put forth any questions they may have on the motions to be debated and decided upon.

Resolutions are passed at general meetings by poll. This will entail shareholders being invited to vote on each of the resolutions by poll, using polling slips (rather than by a show of hands), thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis. The Company

CORPORATE GOVERNANCE REPORT

will employ electronic polling if necessary. Announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will also be made on the same day. The results of all general meetings are released on SGXNet on the same day.

ADDITIONAL INFORMATION

Dealing in Securities

The Company has adopted policies in line with the requirements of the Catalist Rules on dealings in the Company's securities. The Company prohibits its officers from dealing in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information of the Group. They are not allowed to deal in the Company's shares during the period of one month prior to the announcement of the Company's half year and full year results, and ending on the date of the announcement of the relevant results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

Interested Person Transactions

The Company has adopted an internal policy in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions ("IPT") will be documented and submitted periodically to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company.

No general mandate has been obtained from shareholders in respect of IPT for FY2018.

There were no interested person transactions entered into during FY2018 with a value of more than \$100,000 each.

Non-Sponsorship Fees

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees paid to the Company's previous Sponsor, SAC Capital Private Limited who resigned on 7 December 2018 and the Company's current Sponsor, Hong Leong Finance Limited who was appointed on 10 December 2018 during FY2018.

Material Contracts

Save for the Sale and Purchase Agreement dated 2 November 2018 for the proposed acquisition of 100% equity interests in Revez Group Pte Ltd and the Disposal Agreement dated 2 November 2018 for the proposed disposal of the Company's 60% equity interests in White Cubic Pte Ltd, there were no material contracts of the Company or its subsidiary involving the interest of any Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, which were entered into since the end of FY2017.

CORPORATE GOVERNANCE REPORT

Use of Proceeds from the Share Placement

As at the date of this Annual Report, the Company has utilised \$993,000 of the \$1,000,000 proceeds from the shares placement in FY2017 to Lim Chwee Kim, Executive Chairman and controlling shareholder of the Company, pursuant to the Placement Agreement in accordance to the stated use of proceeds as follows:

- (a) \$750,000 has been utilised towards the payment of the Scheme consideration to the participating creditors to compromise in full all actual and contingent claims against the Company pursuant to the Scheme of Arrangement;
- (b) \$236,000 has been utilised to pay for professional fees in relation to the share placement and the Scheme of Arrangement; and
- (c) \$7,000 has been utilised for the Company's working capital relating to statutory expenses.

The balance \$7,000 will be used for the Company's working capital.

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited consolidated financial statements of Jason Holdings Limited (the "Company") and its subsidiary (the "Group") for the financial year ended 31 December 2018 and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as disclosed in Note 3.1 to the financial statements.

1 Directors

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

Lim Chwee Kim	(Executive Chairman)
Wui Heck Koon	(Lead Independent Director)
Tan Lai Heng	(Independent Director)
Karam Singh Parmar	(Independent Director)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations as stated below:

	Shareholdings registered in the name of directors	
	At	At
	1 January 2018	31 December 2018
The Company		
<i>No. of ordinary shares</i>		
Lim Chwee Kim	2,042,800,000	2,042,800,000
Wui Heck Koon	1,777,252	1,777,252
Tan Lai Heng	1,523,359	1,523,359
Karam Singh Parmar	1,523,359	1,523,359

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Lim Chwee Kim is deemed to be interested in the shares held by the Company in its subsidiary.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2019.

4 Share Options

There were no options granted during the financial year to subscribe for unissued shares of the Company and its subsidiary.

No shares have been issued during the financial year by virtue of the exercise of an option to take up unissued shares of the Company and its subsidiary.

There were no unissued shares under option at the end of the financial year in respect of shares of the Company and its subsidiary.

DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 Audit Committee

The audit committee of the Company is chaired by Wui Heck Koon, an independent Director, and includes Tan Lai Heng and Karam Singh Parmar, who are both independent Directors. The audit committee's functions in accordance to Section 201B(5) of the Singapore Companies Act, Chapter 50, include the following:

- (a) review the audit plans of the external auditors and internal auditors, including the results of the external auditors and internal auditors' review and evaluation of the system of internal controls of the Group;
- (b) review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore Financial Reporting Standards, concerns and issues arising from their audits including any matters which the external auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval;
- (c) review the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and such other information required by the Catalist Rules before submission to the Board for approval;
- (d) review and discuss with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- (e) review the co-operation given by the Management to the external auditors;
- (f) consider the appointment or re-appointment of the external auditors;
- (g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules;
- (h) review any potential conflicts of interests;
- (i) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the audit committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;
- (j) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the audit committee;
- (k) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time; and
- (l) oversee risk governance.

The audit committee has recommended to the Directors the nomination of Moore Stephens LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting of the Company.

Further information regarding the audit committee are detailed in the Corporate Governance Report set out in the Annual Report of the Company.

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

6 Independent Auditors

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

On behalf of the Board of Directors,

Lim Chwee Kim
Director

Wui Heck Koon
Director

Singapore
20 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JASON HOLDINGS LIMITED (INCORPORATED IN SINGAPORE)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jason Holdings Limited (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the financial statements, which indicates that the Group incurred a net loss of S\$670,177 (2017: S\$121,201) for the current year ended 31 December 2018 and, as of that date, the Group and the Company have net current liabilities of S\$1,761,070 (2017: S\$1,088,841) and S\$1,006,881 (2017: S\$585,934) respectively. As at 31 December 2018, the Group and the Company have a capital deficit of S\$1,759,018 (2017: S\$1,088,841) and S\$1,006,881 (2017: S\$585,934) respectively.

The above conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the Group and the Company to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Nevertheless, in the preparation of the financial statements, the directors of the Company believe that the use of the going concern assumption is appropriate after taking into consideration:

- (i) the proposed acquisition of the entire issued and paid up share capital of Revez Group Pte. Ltd. and the proposed disposal of its subsidiary upon the completion of the proposed acquisition, as disclosed

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JASON HOLDINGS LIMITED (INCORPORATED IN SINGAPORE)

(cont'd)

in Note 27 to the financial statements;

- (ii) the undertaking of its ultimate controlling shareholder to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due; and
- (iii) the director of its subsidiary has undertaken to provide continuing financial support to the subsidiary.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of contract assets and trade receivables</p> <p>We refer to Note 5(b) and Note 14 to the financial statements.</p> <p>As at 31 December 2018, the Group has contract assets and trade receivables of S\$130,357 and S\$100,212 respectively, which accounted for 24% and 18% respectively of the Group's total assets.</p> <p>The Group assesses semi-annually these trade receivables and contract assets for any expected credit loss associated with its receivables and contract assets. In determining the amount of expected credit loss allowance, the Group groups its trade receivables and contract assets based on shared credit risk characteristics and days past due. In addition, the Group also calculates the expected credit loss rates and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.</p> <p>We considered this area as a key audit matter because of the significant management judgement and assumption involved in estimating the expected credit loss allowance.</p>	<p>Our response:</p> <p>We performed the following procedures which include:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's impairment policy including groupings of receivables into categories of shared credit risk characteristics; • Evaluated the appropriateness and reasonableness of the period over which historical loss rates that was obtained by management to develop estimates of expected future loss rate; • Verified the total credit sales and total credit loss over the selected historical period to the data extracted from the Group's accounting system; • Validated the historical cash receipts by checking, on a sample basis, to the underlying accounting records for payments received; • Analysed the forward looking macro-economic factors that were determined by management and recalculated the adjusted historical loss rate; • Reviewed and tested the ageing of trade receivables. <p>Our findings:</p> <p>Based on our audit procedures performed, we found management's assessment of the expected credit loss allowance of trade receivables and contract assets to be reasonable and the disclosures to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JASON HOLDINGS LIMITED (INCORPORATED IN SINGAPORE)

(cont'd)

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JASON HOLDINGS LIMITED (INCORPORATED IN SINGAPORE)

(cont'd)

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

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JASON HOLDINGS LIMITED (INCORPORATED IN SINGAPORE)

(cont'd)

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Neo Keng Jin.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
Revenue	5(a)	490,147	1,209,592
Cost of sales		(195,474)	(757,255)
Gross profit		294,673	452,337
Other income	6	43,091	1,154,314
Other items of expense:			
Selling and distribution expenses		-	(5,903)
Administrative expenses		(588,924)	(770,016)
Net impairment losses on trade receivables	14	-	(15,894)
Other expenses		(428,367)	(932,388)
Finance cost	7	(238)	(609)
Loss before income tax	8	(679,765)	(118,159)
Income tax credit/(expense)	9	9,588	(3,042)
Loss for the financial year		(670,177)	(121,201)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the financial year		(670,177)	(121,201)
(Loss)/Profit for the financial year attributable to:			
Owners of the Company		(592,958)	99,633
Non-controlling interest		(77,219)	(220,834)
		(670,177)	(121,201)
Total comprehensive (loss)/income for the financial year attributable to:			
Owners of the Company		(592,958)	99,633
Non-controlling interest		(77,219)	(220,834)
		(670,177)	(121,201)
(Loss)/Earnings per share			
Basic and diluted (cents per share)	10	(0.02)	0.01

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	← Group →		
		31.12.2018 S\$	31.12.2017 S\$	1.1.2017 S\$
Non-current asset				
Plant and equipment	11	2,052	-	174,458
Total non-current asset		<u>2,052</u>	<u>-</u>	<u>174,458</u>
Current assets				
Inventories	13	-	-	6,787
Contract assets	5(b)	130,357	230,878	430,420
Trade and other receivables	14	400,635	377,232	604,576
Prepayments		1,484	5,309	32,722
Cash and bank balances	15	7,348	33,866	100,188
Tax recoverable		-	16,182	-
Total current assets		<u>539,824</u>	<u>663,467</u>	<u>1,174,693</u>
Less:				
Current liabilities				
Trade and other payables	16	2,206,635	1,736,694	3,811,770
Amount due to a director	17	59,780	-	-
Amount due to a related party	18	34,000	-	-
Finance lease liability	19	479	6,026	5,703
Current income tax payable		-	9,588	6,546
Total current liabilities		<u>2,300,894</u>	<u>1,752,308</u>	<u>3,824,019</u>
Net current liabilities		<u>(1,761,070)</u>	<u>(1,088,841)</u>	<u>(2,649,326)</u>
Non-current liability				
Finance lease liability	19	-	-	6,026
Total non-current liability		<u>-</u>	<u>-</u>	<u>6,026</u>
Net liabilities		<u>(1,759,018)</u>	<u>(1,088,841)</u>	<u>(2,480,894)</u>
Equity				
Share capital	20	10,657,950	10,657,950	9,144,696
Accumulated losses		(12,114,539)	(11,521,581)	(11,621,214)
Equity attributable to owners of the Company		<u>(1,456,589)</u>	<u>(863,631)</u>	<u>(2,476,518)</u>
Non-controlling interest	12	(302,429)	(225,210)	(4,376)
Total equity		<u>(1,759,018)</u>	<u>(1,088,841)</u>	<u>(2,480,894)</u>

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

(cont'd)

	Note	← Company →		
		31.12.2018 S\$	31.12.2017 S\$	1.1.2017 S\$
Non-current asset				
Investment in subsidiary	12	-	-	-
Total non-current asset		-	-	-
Current assets				
Other receivables	14	7,094	13,916	60,116
Prepayments		-	-	900
Total current assets		7,094	13,916	61,016
Less:				
Current liabilities				
Trade and other payables	16	954,195	590,262	2,524,426
Amount due to a director	17	59,780	-	-
Current income tax payable		-	9,588	6,546
Total current liabilities		1,013,975	599,850	2,530,972
Net current liabilities		(1,006,881)	(585,934)	(2,469,956)
Net liabilities		(1,006,881)	(585,934)	(2,469,956)
Equity				
Share capital	20	10,657,950	10,657,950	9,144,696
Accumulated losses		(11,664,831)	(11,243,884)	(11,614,652)
Total equity		(1,006,881)	(585,934)	(2,469,956)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	← Attributable to owners of the Company →			
	Share capital S\$	Accumulated losses S\$	Total S\$	Non- controlling interest S\$
	Total equity S\$			
Balance at 1 January 2018	10,657,950	(11,521,581)	(863,631)	(225,210)
Loss for the financial year	-	(592,958)	(592,958)	(77,219)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the financial year	-	(592,958)	(592,958)	(77,219)
Balance at 31 December 2018	<u>10,657,950</u>	<u>(12,114,539)</u>	<u>(1,456,589)</u>	<u>(302,429)</u>
	<u>10,657,950</u>		<u>(1,456,589)</u>	<u>(302,429)</u>
			<u>(863,631)</u>	<u>(225,210)</u>
				<u>(1,088,841)</u>

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(cont'd)

	←	Attributable to owners of the Company		→	
	Share capital S\$	Accumulated losses S\$	Total S\$	Non- controlling interest S\$	Total equity S\$
Balance at 1 January 2017	9,144,696	(11,621,214)	(2,476,518)	(4,376)	(2,480,894)
(Loss)/Profit for the financial year	-	99,633	99,633	(220,834)	(121,201)
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss)/profit for the financial year	-	99,633	99,633	(220,834)	(121,201)
Issue of ordinary shares (Note 20)	1,513,254	-	1,513,254	-	1,513,254
Balance at 31 December 2017	10,657,950	(11,521,581)	(863,631)	(225,210)	(1,088,841)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<u>2018</u> S\$	<u>2017</u> S\$
Cash Flows from Operating Activities		
Loss before income tax	(679,765)	(118,159)
Adjustments for:		
Impairment losses on trade receivables	-	15,894
Write back of impairment losses on trade receivables	-	(600)
Write off of other payables and accruals	-	(1,116,338)
Depreciation of plant and equipment	358	64,959
Loss on disposal of plant and equipment	-	20,584
Impairment of plant and equipment	-	101,315
Interest expense	238	609
Inventories written off	-	15,998
Reversal of provision for slow moving inventories	-	(373)
Unrealised exchange difference	614	(1,504)
Operating cash flows before working capital changes	<u>(678,555)</u>	<u>(1,017,615)</u>
Movement in working capital changes:		
Inventories	-	(8,838)
Contract assets	100,521	199,542
Trade and other receivables	(23,403)	212,050
Prepayments	3,825	27,413
Trade and other payables	469,327	(443,980)
Cash used in operations	<u>(128,285)</u>	<u>(1,031,428)</u>
Income taxes refunded/(paid)	16,182	(16,182)
Net cash used in operating activities	<u>(112,103)</u>	<u>(1,047,610)</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(2,410)	(20,900)
Proceeds from disposal of plant and equipment	-	8,500
Net cash used in investing activities	<u>(2,410)</u>	<u>(12,400)</u>

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

(cont'd)

	<u>2018</u> S\$	<u>2017</u> S\$
Cash Flows from Financing Activities		
Advances from a director	59,780	-
Advances from a related party	34,000	-
Repayment of finance lease obligation	(5,547)	(5,703)
Proceeds from issue of ordinary shares	-	1,000,000
Interest paid	(238)	(609)
Net cash generated from financing activities	<u>87,995</u>	<u>993,688</u>
Net decrease in cash and cash equivalents	(26,518)	(66,322)
Cash and cash equivalents at the beginning of the financial year	33,866	100,188
Cash and cash equivalents at the end of the financial year (Note 15)	<u>7,348</u>	<u>33,866</u>

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	1 January 2018	Cash flows		31 December 2018
	S\$	Proceeds S\$	Repayments S\$	S\$
Amount due to a director (Note 17)	-	59,780	-	59,780
Amount due to a related party (Note 18)	-	34,000	-	34,000
Finance lease liability (Note 19)	6,026	-	(5,547)	479
				<u>479</u>
	1 January 2017	Cash flows		31 December 2017
	S\$	Proceeds S\$	Repayments S\$	S\$
Finance lease liability (Note 19)	11,729	-	(5,703)	6,026
				<u>6,026</u>

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1 General Information

Jason Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 25 September 2012.

The registered office and principal place of business is located at 11 Tampines Street 92, #03-05 Tampines Bizhub, Singapore 528872.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary are disclosed in Note 12 to the financial statements.

The ultimate controlling shareholder of the Company is Mr Lim Chwee Kim.

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”)

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its first set of financial statements under SFRS(I) for the financial year ended 31 December 2018. As a result, the audited financial statements for the year ended 31 December 2017 was the last set of financial statements prepared under the previous Financial Reporting Standards in Singapore (“SFRS”).

In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

Optional exemptions applied on adoption of SFRS(I)

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

- (a) SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.
- (b) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

Optional exemptions applied on adoption of SFRS(I) (cont’d)

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

2.1 First-time adoption of SFRS(I) and adoption of new standards

Reconciliation of the Group’s equity

Consolidated statement of financial position

As at 31 December 2017	← 31 December 2017 →			← 1 January 2018 →		
	As reported under SFRS S\$	Effects of applying SFRS(I) 1 S\$	Effects of applying SFRS(I) 15 S\$	As reported under SFRS(I) S\$	Effects of applying SFRS(I) 9 S\$	As reported under SFRS(I) S\$
Current assets						
Contract assets	-	-	230,878	230,878	-	230,878
Trade and other receivables	608,110	-	(230,878)	377,232	-	377,232
Prepayments	5,309	-	-	5,309	-	5,309
Cash and bank balances	33,866	-	-	33,866	-	33,866
Tax recoverable	16,182	-	-	16,182	-	16,182
Total current assets	663,467	-	-	663,467	-	663,467
Less:						
Current liabilities						
Trade and other payables	1,736,694	-	-	1,736,694	-	1,736,694
Finance lease liability	6,026	-	-	6,026	-	6,026
Current income tax payable	9,588	-	-	9,588	-	9,588
Total current liabilities	1,752,308	-	-	1,752,308	-	1,752,308
Net current liabilities	(1,088,841)	-	-	(1,088,841)	-	(1,088,841)
Net liabilities	(1,088,841)	-	-	(1,088,841)	-	(1,088,841)
Equity						
Share capital	10,657,950	-	-	10,657,950	-	10,657,950
Accumulated losses	(11,521,581)	-	-	(11,521,581)	-	(11,521,581)
Equity attributable to owners of the Company	(863,631)	-	-	(863,631)	-	(863,631)
Non-controlling interest	(225,210)	-	-	(225,210)	-	(225,210)
Total equity	(1,088,841)	-	-	(1,088,841)	-	(1,088,841)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

Reconciliation of the Group’s equity (cont’d)

Consolidated statement of financial position (cont’d)

As at 1 January 2017	As reported under SFRS S\$	Effects of applying SFRS(I) 1 S\$	Effects of applying SFRS(I) 15 S\$	As reported under SFRS(I) S\$
Non-current asset				
Property, plant and equipment	174,458	-	-	174,458
Total non-current asset	<u>174,458</u>	-	-	<u>174,458</u>
Current assets				
Inventories	6,787	-	-	6,787
Contract assets	-	-	430,420	430,420
Trade and other receivables	1,034,996	-	(430,420)	604,576
Prepayments	32,722	-	-	32,722
Cash and bank balances	100,188	-	-	100,188
Tax recoverable	-	-	-	-
Total current assets	<u>1,174,693</u>	-	-	<u>1,174,693</u>
Less:				
Current liabilities				
Trade and other payables	3,811,770	-	-	3,811,770
Finance lease liability	5,703	-	-	5,703
Current income tax payable	6,546	-	-	6,546
Total current liabilities	<u>3,824,019</u>	-	-	<u>3,824,019</u>
Net current liabilities	<u>(2,649,326)</u>	-	-	<u>(2,649,326)</u>
Non-current liability				
Finance lease liability	6,026	-	-	6,026
Total non-current liability	<u>6,026</u>	-	-	<u>6,026</u>
Net liabilities	<u>(2,480,894)</u>	-	-	<u>(2,480,894)</u>
Equity				
Share capital	9,144,696	-	-	9,144,696
Accumulated losses	(11,621,214)	-	-	(11,621,214)
Equity attributable to owners of the Company	<u>(2,476,518)</u>	-	-	<u>(2,476,518)</u>
Non-controlling interest	(4,376)	-	-	(4,376)
Total equity	<u>(2,480,894)</u>	-	-	<u>(2,480,894)</u>

The Company’s opening statement of financial position was prepared as at 1 January 2017, which was the Company’s date of transition to SFRS(I). There was no material impact to the Company’s balances on adoption of SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

Reconciliation of the Group’s total comprehensive income

Consolidated statement of comprehensive income for the financial year ended 31 December 2017

There were no material adjustments to the Group’s statement of comprehensive income arising from the transition from SFRS to SFRS(I) and the initial application of SFRS(I) 1 and SFRS(I) 15.

Notes to the reconciliation of equity and total comprehensive income

(a) SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements. There were no material adjustments to the Group’s statement of cash flows arising from the transition from SFRS to SFRS(I).

(b) SFRS(I) 15

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively.

Certain reclassifications were made with the adoption of SFRS(I) 15 to align the Group’s financial statements with the terminology in SFRS(I) 15:

Accounting for accrued income and retention sum

Prior to the adoption of SFRS(I) 15, accrued income and retention sum were recognised as trade receivables. In applying SFRS(I) 15, accrued income and retention sum should be recognised as contract assets in the consolidated statement of financial position, as the Group did not have any unconditional rights to consideration. As a result, this relates to reclassification adjustment for aligning with the terminology in SFRS(I) 15 and does not have a material impact on the Group’s financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

Notes to the reconciliation of equity and total comprehensive income (cont’d)

(c) SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new “expected credit loss” (“ECL”) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Note 3.8). Additionally, the Group is exempted from complying with SFRS(I) 7 for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except the following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.

- The determination of the business model within which a financial asset is held; and
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The adoption of SFRS(I) 9 has not had a significant effect on the Group’s accounting policies for financial liabilities.

Details of their impact on the Group’s consolidated financial statements as well as the new requirements are described below.

(i) *Classification of financial assets and financial liabilities*

The following are the qualitative information regarding the reclassification between categories of financial instruments at the date of initial application of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

Notes to the reconciliation of equity and total comprehensive income (cont’d)

(c) SFRS(I) 9 (cont’d)

(i) *Classification of financial assets and financial liabilities* (cont’d)

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income (debt instrument), fair value through other comprehensive income (equity instrument); or fair value through profit or loss. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous SFRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

On the date of initial application of SFRS(I) 9 on 1 January 2018, the following table and the accompanying notes below explain the original measurement categories under SFRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group’s financial assets as at 1 January 2018:

Group	← Measurement category →		← Carrying amount →	
	<u>SFRS 39</u>	<u>SFRS(I) 9</u>	<u>SFRS 39</u> S\$	<u>SFRS(I) 9</u> S\$
<u>Financial assets</u>				
- Trade and other receivables	Loans and receivables (amortised cost)	Amortised cost	608,110	608,110
- Cash and bank balances	Loans and receivables (amortised cost)	Amortised cost	33,866	33,866
			641,976	641,976
Company				
<u>Financial asset</u>				
- Other receivables	Loans and receivables (amortised cost)	Amortised cost	13,916	13,916
			13,916	13,916

Trade and other receivables and contract asset that were classified as loans and receivables under SFRS 39 are now classified as financial assets at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

Notes to the reconciliation of equity and total comprehensive income (cont’d)

(c) SFRS(I) 9 (cont’d)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the “incurred loss” model in SFRS 39 with an “expected credit loss” (“ECL”) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at fair value through other comprehensive income (“FVOCI”) and intra-group financial guarantee contracts, but not to equity investments. On the adoption of SFRS(I) 9, the Group presented impairment losses related to trade receivables and contract assets, separately in the statement of profit or loss. As a result, the Group reclassified net impairment losses amounting to S\$15,894 recognised under SFRS 39, from other expenses to “net impairment losses on trade receivables” in the consolidated statement of comprehensive income for the year ended 31 December 2017.

The Group has applied the simplified impairment approach to recognise only lifetime ECL impairment charges on all trade receivables and that arise from SFRS(I) 15. Based on the assessment made, there was no additional allowance for impairment recognised in opening retained earnings of the Group at 1 January 2018 on transition to SFRS(I) 9 as the impact to the financial statements is not significant.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 does not have significant effect on the Company. Additional information about how the Group and the Company measure the allowance for impairment is described in Note 24.1.

(iii) Transition impact on equity

There is no significant impact, net of tax, arising from the transition to SFRS(I) 9 on retained earnings at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

(d) Impact on the consolidated statement of cash flows

For the financial year ended 31 December 2017	As reported under SFRS S\$	Effects of applying SFRS(I) 9 S\$	Effects of applying SFRS(I) 15 S\$	As reported under SFRS(I) S\$
Cash Flows from Operating Activities				
Loss before income tax	(118,159)	-	-	(118,159)
Adjustments for:				
Impairment losses on trade receivables	15,894	-	-	15,894
Write back of impairment losses on trade receivables	(600)	-	-	(600)
Write off of other payables and accruals	(1,116,338)	-	-	(1,116,338)
Depreciation of plant and equipment	64,959	-	-	64,959
Loss on disposal of plant and equipment	20,584	-	-	20,584
Impairment of plant and equipment	101,315	-	-	101,315
Interest expense	609	-	-	609
Inventories written off	15,998	-	-	15,998
Reversal of provision for slow moving inventories	(373)	-	-	(373)
Unrealised exchange difference	(1,504)	-	-	(1,504)
Operating cash flows before working capital changes	(1,017,615)	-	-	(1,017,615)
Movement in working capital changes:				
Inventories	(8,838)	-	-	(8,838)
Contract assets	-	-	199,542	199,542
Trade and other receivables	411,592	-	(199,542)	212,050
Prepayments	27,413	-	-	27,413
Trade and other payables	(443,980)	-	-	(443,980)
Cash used in operations	(1,031,428)	-	-	(1,031,428)
Income taxes paid	(16,182)	-	-	(16,182)
Net cash used in operating activities	(1,047,610)	-	-	(1,047,610)
Cash Flows from Investing Activities				
Purchase of plant and equipment	(20,900)	-	-	(20,900)
Proceeds from disposal of plant and equipment	8,500	-	-	8,500
Net cash used in investing activities	(12,400)	-	-	(12,400)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.1 First-time adoption of SFRS(I) and adoption of new standards (cont’d)

(d) Impact on the consolidated statement of cash flows (cont’d)

For the financial year ended 31 December 2017	As reported under SFRS S\$	Effects of applying SFRS(I) 9 S\$	Effects of applying SFRS(I) 15 S\$	As reported under SFRS(I) S\$
Cash Flows from Financing Activities				
Repayment of finance lease obligation	(5,703)	-	-	(5,703)
Proceeds from issue of ordinary shares	1,000,000	-	-	1,000,000
Interest paid	(609)	-	-	(609)
Net cash generated from financing activities	993,688	-	-	993,688
Net decrease in cash and cash equivalents				
Cash and cash equivalents at beginning of the financial year	100,188	-	-	100,188
Cash and cash equivalents at end of the financial year	33,866	-	-	33,866

2.2 SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these financial statements, the standards that have been issued and are relevant to the Group and Company but not yet effective are as follows:

SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives*; and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SFRS(I) 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

2.2 SFRS(I)s and SFRS(I) INTs issued but not yet effective (cont’d)

The Group plans to adopt SFRS(I) 16 on 1 January 2019 based on a permitted transition approach that does not restate comparative information, but recognises the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings on 1 January 2019. The Group will elect the transition option to record, in respect of leases previously classified as operating leases, the right-of-use asset on 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as at 31 December 2018. The Group also plans to adopt an expedient offered by SFRS(I) 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

As disclosed in Note 22, the Group has entered into operating leases of office premises and other operating facilities as lessee. As at 31 December 2018, the minimum lease payments committed under non-cancellable operating leases amount to S\$87,579. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for leases of office premises and other operating facilities will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group expects to recognise a right-of-use assets of approximately S\$81,000 on 1 January 2019, together with a corresponding increase in lease liabilities.

3 Summary of Significant Accounting Policies

3.1 Going Concern

The Group incurred a net loss of S\$670,177 (2017: S\$121,201) for the current year ended 31 December 2018 and, as of that date, the Group and the Company have net current liabilities of S\$1,761,070 (2017: S\$1,088,841) and S\$1,006,881 (2017: S\$585,934) respectively. As at 31 December 2018, the Group and the Company have a capital deficit of S\$1,759,018 (2017: S\$1,088,841) and S\$1,006,881 (2017: S\$585,934) respectively. These conditions indicate the existence of material uncertainties which may cast significant doubt as to the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

Nevertheless, in the preparation of the financial statements, the directors of the Company believe that the use of the going concern assumption is appropriate after taking into consideration:

- (i) the proposed acquisition of the entire issued and paid up share capital of Revez Group Pte. Ltd. and the proposed disposal of its subsidiary upon the completion of the proposed acquisition, as disclosed in Note 27 to the financial statements;
- (ii) the undertaking of its ultimate controlling shareholder to provide continuing financial support to enable the Company to meet its liabilities as and when they fall due; and
- (iii) the director of its subsidiary has undertaken to provide continuing financial support to the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.1 Going Concern (cont'd)

In the event that the Group and Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise. No such adjustments have been made to these financial statements.

3.2 Basis of preparation

The financial statements have been prepared in accordance with SFRS(I)s as issued by Accounting Standards Council. These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* has been applied. In the previous financial years, the financial statements were prepared in accordance with SFRS. An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 2.1. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated. The accounting policies have been applied consistently by Group entities.

The financial statements are presented in Singapore dollars ("SGD" or "\$"), which is the functional currency of the Company. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.3 Basis of consolidation (cont'd)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the Company. They are shown separately in the consolidated statement of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, it:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.3 Basis of consolidation (cont'd)

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for 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. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

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.

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.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at 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's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, 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.

Acquisition under common control

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholders' financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.4 Foreign currency

The financial statements are presented in Singapore Dollar (“S\$”), which is also the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

3.5 Plant and equipment

All items of plant and equipment are initially recognised at cost. The cost 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 if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure on an item of plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other costs of servicing are recognised in profit or loss when incurred.

Plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.5 Plant and equipment (cont'd)

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Furniture and fittings	3 - 5
Motor vehicles	5 - 6
Office equipment	3 - 5
Computers	3 - 5
Renovation	3 - 5

The carrying values of 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 methods 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 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 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.

3.6 Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

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

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.

3.7 Inventories

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

3.8 Financial assets

Accounting policies which are applicable from 1 January 2018

i. Classification and measurement

The Group and the Company classify their financial assets at amortised cost.

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

ii. At initial recognition

At initial recognition, the Group and the Company measure a financial asset at transaction costs that are directly attributable to the acquisition of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.8 Financial assets (cont'd)

Accounting policies which are applicable from 1 January 2018 (cont'd)

iii. At subsequent measurement

Debt instruments mainly comprise trade and other receivables, and cash and bank balances.

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

iv. Impairment

The Group and the Company assess, on a forward looking basis, the expected credit losses (“ECLs”) associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24.1 details how the Group determines whether there has been a significant increase in credit risk.

Simplified approach - Trade receivables and contract assets

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

General approach - Other financial instruments

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.8 Financial assets (cont'd)

iv. Impairment (cont'd)

General approach - Other financial instruments (cont'd)

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's and the Company's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

v. Recognition and derecognition

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

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

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.8 Financial assets (cont'd)

Accounting policies applied until 31 December 2017

As disclosed in Note 2.1, the Group has applied SFRS(I) 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy below.

i. Classification

The Group and the Company classify their financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

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

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

ii. Recognition and derecognition

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

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

On derecognition of financial asset, the difference between the carrying amount and the net consideration proceeds is recognised in profit or loss.

iii. Initial and subsequent measurement

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

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.8 Financial assets (cont'd)

Accounting policies applied until 31 December 2017 (cont'd)

iii. Initial and subsequent measurement (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. 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”.

iv. Impairment

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

An allowance for impairment loss of loans and receivables is recognised when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

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

3.9 Cash and bank balances

Cash and cash equivalents in the statement of financial position comprise cash on hand and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, cash and cash equivalents also includes bank overdrafts and excludes any pledged deposits, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.10 Financial liabilities

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

The accounting policies adopted for other financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables are initially measured at fair value, net off of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(ii) Borrowings

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

Borrowings which are due to be settled within 12 months after the end of reporting period are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statements of financial position.

(iii) Financial guarantees - *Accounting policies applied until 31 December 2017*

Where the Company issues corporate guarantees to banks for borrowings of other parties ("Borrowers"), such guarantees are financial guarantees as they require the Company to reimburse the banks if the borrowers fail to make principal or interest payments when due in accordance with the terms of their borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.10 Financial liabilities (cont'd)

(iii) Financial guarantees - *Accounting policies applied until 31 December 2017* (cont'd)

Financial guarantees are measured initially at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- a. the amount of the obligation under the contract, as determined in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- b. the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18 *Revenue*.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary's borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intra-group transactions with regards to the financial guarantees are eliminated on consolidation.

Recognition and derecognition

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

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When equity instruments issued to a creditor to extinguish all or part of a financial liability are recognised initially, an entity shall measure them at the fair value of the equity instruments issued, unless that fair value cannot be reliably measured.

If the fair value of the equity instruments issued cannot be reliably measured then the equity instruments shall be measured to reflect the fair value of the financial liability extinguished.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.10 Financial liabilities (cont'd)

Recognition and derecognition (cont'd)

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

3.12 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods

The Group sells and distributes stone and mosaic tiles directly to customers.

Revenue is recognised at a point in time when the goods are delivered to the customer and the Group has the objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this represents the point in time that the right to consideration is unconditional because only the passage of time is required before the payment is due.

A contract asset is recognised when the goods are delivered to the customer but the Group has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.12 Revenue recognition (cont'd)

Dry lay and other services

The Group provides dry lay services. Revenue from rendering of dry lay services is recognised at a point in time when the services have been performed and rendered.

The Group also supplies labour to its customers. Revenue from the supply of labour is recognised at a point in time when the services have been rendered.

Rental Income

Rental income under an operating lease is recognised on a straight-line basis over the lease term.

3.13 Grants

Grants are recognised at fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

3.14 Employee benefits

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.15 Leases

Finance leases

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

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

Operating leases

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

3.16 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.17 Taxes

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as 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 recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.17 Taxes (cont'd)

Deferred tax (cont'd)

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 it relates to items recognised outside profit or 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 taxation that is incurred on purchase of assets or services is not recoverable from the taxation 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 taxation authority is included as part of receivables or payables in the statement of financial position.

3.18 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 the dividends are approved by the shareholders.

3.19 Segment reporting

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

3.20 Contingencies

A contingent liability is:

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

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

3.21 Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 Critical judgements in applying the accounting policies

In the application of the Group's accounting policies, management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

4.2 Key sources of estimation uncertainty

The estimates at 1 January 2017 and at 31 December 2017 are consistent with those made for the same dates in accordance with SFRS. The estimates used by the Group to present these amounts in accordance with SFRS(I) reflect conditions at 1 January 2017, the date of transition to SFRS(I) and as of 31 December 2017.

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

Loss allowance for trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

4.2 Key sources of estimation uncertainty (cont'd)

Loss allowance for trade receivables and contract assets (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 24.1 to the financial statements.

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

The carrying amounts of trade receivables and contract assets as at 31 December 2018 are S\$100,212 (31.12.2017: S\$63,379 and 1.1.2017: S\$339,994) and S\$130,357 (31.12.2017: S\$230,878 and 1.1.2017: S\$430,420) respectively.

5 Revenue from Contract with Customers

(a) Disaggregation of revenue from contract with customers

The Group derives revenue from sale of goods and services at a point in time in the following major product and services lines and all revenues are attributed to Singapore.

	Group	
	<u>2018</u> S\$	<u>2017</u> S\$
<u>Major product or service lines</u>		
Sales of goods - Distribution segment	230,777	892,338
Dry lay and other services - Projects segment	259,370	317,254
	<u>490,147</u>	<u>1,209,592</u>

(b) Contract assets

	Group		
	<u>31.12.2018</u> S\$	<u>31.12.2017</u> S\$	<u>1.1.2017</u> S\$
<u>Current</u>			
Sales of goods	<u>130,357</u>	<u>230,878</u>	<u>430,420</u>

Contract assets relate to the Group's right to consideration for the goods that were delivered to the customer but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when invoices are billed to the customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 Revenue from Contract with Customers (cont'd)

(b) Contract assets (cont'd)

Significant changes in contract assets are explained as follows:

	Group	
	<u>2018</u> S\$	<u>2017</u> S\$
Contract assets reclassified to receivables	(150,458)	(249,812)
Performance obligations satisfied but not yet billed at the reporting date	<u>49,937</u>	<u>50,270</u>

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience. None of the amounts due from customers at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

The credit risk exposure in relation to contract assets under SFRS(I) 9 as at 31 December 2018 is not significant. Accordingly, no credit loss allowance is recognised during the financial year ended 31 December 2018.

6 Other Income

	Group	
	<u>2018</u> S\$	<u>2017</u> S\$
Write off of other payables and accruals pursuant to the Scheme of Arrangement (Note 25)	-	1,116,338
Rental income	20,073	29,743
Government grants	2,203	2,938
Reimbursement of banker's guarantee cost by a customer	19,694	-
Miscellaneous	1,121	5,295
	<u>43,091</u>	<u>1,154,314</u>

7 Finance Cost

	Group	
	<u>2018</u> S\$	<u>2017</u> S\$
Interest on finance lease liability	<u>238</u>	<u>609</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 Loss before Income Tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges/(credit):

	Group	
	<u>2018</u>	<u>2017</u>
	S\$	S\$
<i>Cost of sales</i>		
Cost of inventories recognised as expenses	112,585	560,642
Inventories written off	-	15,998
Reversal of provision for slow moving inventories	-	(373)
Employee benefit expenses	68,433	83,234
	<hr/>	<hr/>
<i>Selling and distribution expenses</i>		
Advertising and promotions	-	3,355
Commission	-	2,548
	<hr/>	<hr/>
<i>Administrative expenses</i>		
Operating lease expenses	203,046	293,213
Employee benefit expenses	365,902	471,072
	<hr/>	<hr/>
<i>Other expenses</i>		
Audit fees		
- Auditors of the Company	42,635	42,000
Depreciation of plant and equipment	358	64,959
Foreign exchange loss		
- realised	50	-
- unrealised	614	-
Loss on disposal of plant and equipment	-	20,584
Legal and professional fees	303,672	581,441
Impairment of plant and equipment	-	101,315
	<hr/>	<hr/>

Loss before income tax also includes:

	Group	
	<u>2018</u>	<u>2017</u>
	S\$	S\$
Employee benefits expenses*		
- salaries, bonus, fees and other benefits	414,542	520,837
- contributions to defined contribution plans	19,793	33,469
	<hr/>	<hr/>
	434,335	554,306
	<hr/>	<hr/>

* These include the amounts shown as Directors' remuneration in Note 21 to the financial statements.

The financial statements of the Company for the year ended 31 December 2018 and 2017 do not include non-audit fees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 Income Tax (Credit)/Expense

	Group	
	<u>2018</u> S\$	<u>2017</u> S\$
Current income tax:		
- (over)/under provision in respect of prior years	(9,588)	3,042

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

	Group	
	<u>2018</u> S\$	<u>2017</u> S\$
Loss before income tax	(679,765)	(118,159)
Income tax at statutory income tax rate of 17%	(115,560)	(20,087)
Effects of:		
- Expenses not deductible for income tax purposes	91,575	134,229
- Income not subject to tax	(3,723)	(190,276)
- (Over)/Under provision of income tax in respect of prior years	(9,588)	3,042
- Deferred tax asset not recognised	33,388	76,644
- Utilisation of deferred tax asset previously not recognised	(5,297)	-
- Others	(383)	(510)
Income tax (credit)/expense recognised in profit or loss	(9,588)	3,042

Subject to the agreement by relevant tax authorities, at the end of the financial year, the Group has unutilised tax losses of approximately S\$714,000 (2017: S\$517,000), unutilised capital allowances of approximately S\$153,000 (2017: S\$172,000) and unutilised donations of approximately S\$3,000 (2017: S\$16,000), available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of profit streams. Unutilised tax losses and unutilised capital allowances may be carried forward indefinitely subject to the conditions imposed by law.

Expenses not deductible for tax purposes comprise legal and professional fees and rental expenses incurred for a private vehicle.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 (Loss)/Earnings per Share

The calculations for (loss)/earnings per share are based on:

	Group	
	<u>2018</u>	<u>2017</u>
	S\$	S\$
<u>(Loss)/Profit</u>		
(Loss)/Profit attributable to owners of the Company	<u>(592,958)</u>	<u>99,633</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue applicable to basic and diluted (loss)/earnings per share	<u>2,729,253,595</u>	<u>1,578,192,046</u>
Basic and diluted (loss)/earnings per share (in cents)	<u>(0.02)</u>	<u>0.01</u>

The calculations for basic (loss)/earnings per share for the relevant periods are based on the (loss)/profit attributable to owners for the financial years ended 31 December 2018 and 2017 divided by the weighted average number of ordinary shares in issue in the relevant periods.

The dilutive (loss)/earnings per share for the relevant periods are the same as the basic (loss)/earnings per share as the Group does not have any dilutive potential ordinary shares for the relevant periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11 Plant and Equipment

	Furniture and fittings S\$	Motor vehicles S\$	Office equipment S\$	Computers S\$	Renovation S\$	Total S\$
Group						
<u>Cost</u>						
Balance at 1 January 2018	69,578	121,000	29,437	46,587	70,248	336,850
Additions	-	-	-	2,410	-	2,410
Balance at 31 December 2018	69,578	121,000	29,437	48,997	70,248	339,260
<u>Accumulated depreciation and impairment</u>						
Balance at 1 January 2018	69,578	121,000	29,437	46,587	70,248	336,850
Depreciation charge for the year	-	-	-	358	-	358
Balance at 31 December 2018	69,578	121,000	29,437	46,945	70,248	337,208
<u>Net carrying amount</u>						
Balance at 31 December 2018	-	-	-	2,052	-	2,052

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11 Plant and Equipment (cont'd)

<u>Group</u> <u>Cost</u>	Furniture and fittings S\$	Motor vehicles S\$	Office equipment S\$	Computers S\$	Renovation S\$	<u>Total</u> S\$
Balance at 1 January 2017	82,078	151,500	29,437	46,587	66,773	376,375
Additions	-	-	-	-	20,900	20,900
Disposal	(12,500)	(30,500)	-	-	(17,425)	(60,425)
Balance at 31 December 2017	69,578	121,000	29,437	46,587	70,248	336,850
<u>Accumulated depreciation and impairment</u>						
Balance at 1 January 2017	35,405	83,750	18,388	36,158	28,216	201,917
Depreciation charge for the year	13,875	23,475	5,365	8,543	13,701	64,959
Disposal	(1,458)	(23,892)	-	-	(5,991)	(31,341)
Impairment loss	21,756	37,667	5,684	1,886	34,322	101,315
Balance at 31 December 2017	69,578	121,000	29,437	46,587	70,248	336,850
<u>Net carrying amount</u>						
Balance at 31 December 2017	-	-	-	-	-	-
Balance at 1 January 2017	46,673	67,750	11,049	10,429	38,557	174,458

During the previous financial year ended 31 December 2017, management performed an impairment assessment for the plant and equipment in White Cubic Pte. Ltd., due to the losses incurred by this subsidiary. Consequently, an impairment loss of \$101,315 was recognised for the previous financial year ended 31 December 2017 to fully write down these plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Investment in Subsidiary

	← Company →	
<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
S\$	S\$	S\$

Unquoted equity shares, at cost,
less impairment loss

	-	-
	-	-

The particulars of the subsidiary are as follows:

Name of subsidiary (Country of incorporation and principal place of business)	<u>Principal activities</u>	<u>Effective equity interest held by the Group</u>			<u>Effective equity interest held by the non-controlling interest</u>		
		<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
		%	%	%	%	%	%
White Cubic Pte. Ltd. ⁽¹⁾ (Singapore)	Business of wholesale of structural clay, concrete products, ceramic, mosaic, tiles and cement works	60	60	60	40	40	40

⁽¹⁾ Audited by Moore Stephens LLP, Singapore

Non-controlling interest

Summarised financial information in relation to the subsidiary, White Cubic Pte. Ltd., that has a non-controlling interest (“NCI”) that is material to the Group, before intra-group eliminations and together with amounts attributed to the NCI, is presented below:

Summarised statement of comprehensive income for the financial year ended 31 December:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Revenue	490,147	1,209,592
Loss before income tax	(193,047)	(552,085)
Loss after income tax for the year, representing total comprehensive loss	(193,047)	(552,085)
Loss after income tax for the year, representing total comprehensive loss attributable to NCI	(77,219)	(220,834)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Investment in Subsidiary (cont'd)

Non-controlling interest (cont'd)

Summarised statement of financial position as at:

	<u>31.12.2018</u> S\$	<u>31.12.2017</u> S\$	<u>1.1.2017</u> S\$
Assets:			
Non-current asset	2,052	-	174,458
Current assets	532,730	649,551	1,173,793
Total assets	<u>534,782</u>	<u>649,551</u>	<u>1,348,251</u>
Liabilities:			
Non-current liabilities	-	-	6,026
Current liabilities	1,290,852	1,212,574	1,353,163
Total liabilities	<u>1,290,852</u>	<u>1,212,574</u>	<u>1,359,189</u>
Net liabilities	<u>(756,070)</u>	<u>(563,023)</u>	<u>(10,938)</u>
Attributable to:			
Equity holders of the Company	(453,641)	(337,813)	(6,562)
Accumulated non-controlling interest	<u>(302,429)</u>	<u>(225,210)</u>	<u>(4,376)</u>

Summarised statement of cash flows for the financial year ended 31 December:

	<u>2018</u> S\$	<u>2017</u> S\$
Cash outflows from operating activities	(52,323)	(47,610)
Cash outflows from investing activities	(2,410)	(12,400)
Cash inflows/(outflows) from financing activities	28,215	(6,312)
Net cash outflows	<u>(26,518)</u>	<u>(66,322)</u>

13 Inventories

	<u>← Group →</u>
	<u>31.12.2018</u> <u>31.12.2017</u> <u>1.1.2017</u>
	S\$ S\$ S\$
Marble materials	<u> - - 6,787</u>

During the previous financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of write down of inventories of S\$15,998 and reversal of provision for slow moving inventories of S\$373 as expenses which was included in the "Cost of sales" line item in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 Trade and Other Receivables

	← Group →			← Company →		
	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
	S\$	S\$	S\$	S\$	S\$	S\$
Trade receivables - third parties	190,230	153,397	414,718	-	-	-
Less: Loss allowance	(90,018)	(90,018)	(74,724)	-	-	-
	100,212	63,379	339,994	-	-	-
Other receivables - third parties	12,410	18,390	599	7,094	13,916	-
Deposits	288,013	295,463	263,983	-	-	-
Amount due from subsidiary	-	-	-	-	60,116	60,116
Loss allowance for amount due from subsidiary	-	-	-	-	(60,116)	-
Total trade and other receivables	400,635	377,232	604,576	7,094	13,916	60,116
Add: Cash and bank balances (Note 15)	7,348	33,866	100,188	-	-	-
Total debt instruments	407,983	411,098	704,764	7,094	13,916	60,116

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are unsecured, non-interest bearing and generally on 30 days' credit terms and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL) as disclosed in the accounting policy Note 3.8. The Group has recognised a loss allowance of 100% against all trade receivables over 180 days past due (which the Group considers to be in default) because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. None of the trade receivables that have been written off is subject to enforcement activities.

For purpose of impairment assessment, the other receivables and deposits are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL which reflects the low credit risk of the exposures. There is no allowance arising from these outstanding balances as the expected credit losses are not significant. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables and deposits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 Trade and Other Receivables (cont'd)

The Group's credit risk exposure in relation to trade receivables as at 31 December 2018 are set out in Note 24.1 to the financial statements. The Group's provision for loss allowance is based on past due as the historical credit loss experience does not show significantly different loss patterns for different customer segments.

There is no movements in credit loss allowance for impairment of trade receivables during the current financial year ended 31 December 2018.

Previous accounting policy for impairment of trade receivables

As at 31 December 2017, trade receivables disclosed above include amounts which are past due at the end of the reporting period but for which the Group has not recognised an allowance for impairment losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The age analysis of the Group's trade receivables as at the end of the reporting period that are past due but not impaired, and past due and impaired are as follows:

Group	<u>31.12.2017</u>		<u>1.1.2017</u>	
	Gross	Impairment	Gross	Impairment
	<u>receivables</u>		<u>receivables</u>	
	S\$	S\$	S\$	S\$
Past due 1 to 30 days	3,978	-	41,151	-
Past due 31 to 60 days	331	-	12,109	-
Past due 61 to 90 days	7,354	-	3,360	-
Past due over 90 days	109,604	90,018	159,233	74,724

Movements in the loss allowance are as follows:

	Group <u>31.12.2017</u> S\$
Balance at the beginning of the financial year	74,724
Allowance made during the financial year	15,894
Write back of allowance made	(600)
Balance at the end of the financial year	<u>90,018</u>

Trade receivables which are individually determined to be impaired relates to trade receivables that are in significant financial difficulties and have defaulted on payments. As at 31 December 2017, allowance for impairment of debts mainly relates to trade receivables individually impaired amounting to S\$90,018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 Trade and Other Receivables (cont'd)

Deposits are mainly performance bonds pledged to customers for projects, rental deposits and payments to suppliers as security for the purchase of goods.

Amount due from subsidiary is non-trade in nature, unsecured, interest-free, repayable on demand and is to be settled in cash. During the current financial year, the Company waived off the amount due from subsidiary amounting to S\$60,116 which relates to management fee receivable from its subsidiary.

The Group's and the Company's trade and other receivables are denominated in Singapore dollar.

15 Cash and Bank Balances

	← Group →		
	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
	S\$	S\$	S\$
Cash at bank	7,274	33,578	99,439
Cash on hand	74	288	749
Cash and cash equivalents as per consolidated statement of cash flows	<u>7,348</u>	<u>33,866</u>	<u>100,188</u>

Cash and bank balances are denominated in the followings currencies:

	← Group →		
	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
	S\$	S\$	S\$
Singapore dollar	7,286	30,548	96,871
United States dollar	-	1,614	1,614
Malaysian ringgit	62	62	61
Euro	-	1,642	1,642
	<u>7,348</u>	<u>33,866</u>	<u>100,188</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 Trade and Other Payables

	← Group →			← Company →		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	S\$	S\$	S\$	S\$	S\$	S\$
Trade payables - third parties	770,529	933,330	1,067,088	2,908	2,908	2,908
Deposits from customers	-	-	3,589	-	-	-
Accrued operating expenses	701,755	508,738	389,651	601,845	456,758	336,876
Other payables - third parties	734,351	294,626	1,244,368	349,442	130,596	1,077,568
Provision for corporate guarantee	-	-	1,107,074	-	-	1,107,074
Total trade and other payables	2,206,635	1,736,694	3,811,770	954,195	590,262	2,524,426
Add: Finance lease liability (Note 19)	479	6,026	11,729	-	-	-
Total financial liabilities carried at amortised cost	2,207,114	1,742,720	3,823,499	954,195	590,262	2,524,426

Trade payables are unsecured, non-interest bearing and are generally on 30 days' credit terms.

Provision for corporate guarantee was an amount of S\$1,107,074 given to banks for facilities granted to Jason Parquet Specialist (Singapore) Pte Ltd which were being called and payable to these banks in accordance to the Scheme of Arrangement (Note 25). Provision for corporate guarantee have been fully settled during the previous financial year.

Included in accruals is an amount of S\$40,782 (31.12.2017: Nil and 1.1.2017: Nil) which relates to salaries payable to a related party (Note 21).

Trade and other payables are denominated in the following currencies:

	← Group →			← Company →		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	S\$	S\$	S\$	S\$	S\$	S\$
Singapore dollar	2,171,563	1,688,871	3,749,765	954,195	590,262	2,524,426
United States dollar	29,177	41,920	56,225	-	-	-
Malaysian ringgit	5,895	5,903	5,780	-	-	-
Total	2,206,635	1,736,694	3,811,770	954,195	590,262	2,524,426

17 Amount due to a Director

Amount due to a director is non-trade in nature, unsecured, interest-free, repayable on demand and is to be settled in cash.

Amount due to a director is denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18 Amount due to a Related Party

Amount due to a related party is non-trade in nature, unsecured, interest-free, repayable on demand and is to be settled in cash.

Amount due to a related party is denominated in Singapore dollar.

19 Finance Lease Liability

	← Group →		
	31.12.2018 S\$	31.12.2017 S\$	1.1.2017 S\$
Secured			
Current liability	479	6,026	5,703
Non-current liability	-	-	6,026
	479	6,026	11,729

The average effective interest rate per annum during the financial year is 6.76% (31.12.2017: 6.76% and 1.1.2017: 6.62% to 7.58%).

As at reporting date, the Group had obligations under finance leases that are payable as follows:

	Minimum lease payments S\$	Future finance charges S\$	Present value of minimum lease payments S\$
Group			
31.12.2018			
Current liability			
Within one financial year	482	(3)	479
	482	(3)	479
31.12.2017			
Current liability			
Within one financial year	6,266	(240)	6,026
	6,266	(240)	6,026
1.1.2017			
Current liability			
Within one financial year	6,312	(609)	5,703
Non-current liability			
After one financial year but within five financial years	6,266	(240)	6,026
	12,578	(849)	11,729

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 Finance Lease Liability (cont'd)

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessors in the event of default by the Group.

Finance lease liability is denominated in Singapore dollar.

The fair value of the non-current interest-bearing finance lease liability as at 1 January 2017 approximates its fair value.

20 Share Capital

	← Group and Company →			
	2018	2017	2018	2017
	Number of ordinary shares		S\$	
Issued and fully-paid up:				
At the beginning of the financial year	2,729,253,595	216,000,000	10,657,950	9,144,696
Issue of ordinary shares	-	2,513,253,595	-	1,513,254
At the end of the financial year	<u>2,729,253,595</u>	<u>2,729,253,595</u>	<u>10,657,950</u>	<u>10,657,950</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

Issue of ordinary shares

During the previous financial year ended 31 December 2017, the Company issued 2,000,000,000 new ordinary shares for a cash consideration of S\$1,000,000 and 513,253,595 new ordinary shares by way of capitalising amounts of S\$505,742 and S\$7,512 owing to third parties and related parties respectively, under the Scheme of Arrangement (Note 25). The newly issued shares rank pari passu in all respects with the previously issued shares.

21 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 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 Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21 Significant Related Party Transactions (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions apply:
- (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 venture of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In addition to those information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and the Company and its related parties during the financial year at rates and terms agreed between the parties.

	Group		Company	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	S\$	S\$	S\$	S\$
With a director of the Company				
Advances from a director	59,780	-	59,780	-
With a related party				
Advances from a related party	34,000	-	-	-

Compensation of key management personnel

The remuneration of the key management personnel of the Group and of the Company during the financial year were as follows:

	Group		Company	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	S\$	S\$	S\$	S\$
Short-term benefits ⁽¹⁾	191,000	199,000	95,000	95,000
Post-employment benefits	12,240	13,600	-	-
	<u>203,240</u>	<u>212,600</u>	<u>95,000</u>	<u>95,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21 Significant Related Party Transactions (cont'd)

Compensation of key management personnel (cont'd)

The above included the following remuneration of the directors of the Company and a director of the subsidiary:

	Group		Company	
	<u>2018</u> S\$	<u>2017</u> S\$	<u>2018</u> S\$	<u>2017</u> S\$
<i>Directors of the Company</i>				
Short-term benefits ⁽¹⁾	95,000	95,000	95,000	95,000
<i>Director of the subsidiary</i>				
Short-term benefits ⁽²⁾	96,000	104,000	-	-
Post-employment benefits	12,240	13,600	-	-
	<u>108,240</u>	<u>117,600</u>	<u>-</u>	<u>-</u>
	<u>203,240</u>	<u>212,600</u>	<u>95,000</u>	<u>95,000</u>

⁽¹⁾ Included in short-term benefits is directors' fees of S\$95,000 (2017: S\$95,000).

⁽²⁾ Included in short-term benefits is salaries payable (Note 16)/paid to the director of the subsidiary.

22 Operating Lease Commitments

The Group as the lessee

As at reporting date, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Not later than one financial year	60,699	69,403
After one financial year but within five financial years	26,880	14,821
	<u>87,579</u>	<u>84,224</u>

Operating lease payments represent rents payable by the Group for office premises and other operating facilities under non-cancellable operating lease agreements. Leases and rental are fixed for an average term of 2 to 3 (2017: 1 to 3) years with no provisions for contingent rent or upward revision of rent based on market price indices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23 Segment Information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services, and has two reportable segments as follows:

- (a) The projects segment business is providing structural clay, concrete products, ceramic, mosaic, tiles, cement works to private and public residential and commercial property developments.
- (b) The distribution segment business is the trading of concrete products, ceramic, mosaic and tiles.

Management monitors the operating results of the segment separately for the purpose of making decisions about the resources allocated and of assessing performance. Segment performance is evaluated based on gross profits. Group financing (including finance cost), operating expenses and income taxes are managed on group basis and are not allocated to operating segments.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for inter segment sales and transfer as if the sales or transfers were to third parties, which approximates market prices. These inter segment transactions are eliminated on consolidation.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise operating expenses. The Group does not identify nor segregate its assets and liabilities in operating segments as these are managed on a group basis.

	<u>Projects</u> S\$	<u>Distribution</u> S\$	<u>Unallocated</u> S\$	<u>Total</u> S\$
Group				
2018				
Revenue				
- External sales	259,370	230,777	-	490,147
Results				
Segment results	190,937	103,736	(973,842)	(679,169)
Interest expense				(238)
Depreciation of plant and equipment				(358)
Loss before income tax				(679,765)
Income tax credit				9,588
Loss for the financial year				(670,177)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23 Segment Information (cont'd)

	<u>Projects</u> S\$	<u>Distribution</u> S\$	<u>Unallocated</u> S\$	<u>Total</u> S\$
Group				
2017				
Revenue				
- External sales	317,254	892,338	-	1,209,592
Results				
Segment results	209,326	243,011	(1,468,448)	(1,016,111)
Interest expense				(609)
Depreciation of plant and equipment				(64,959)
Other material non-cash items:				
- Write off of other payables and accruals				1,116,338
- Allowance for impairment of trade receivables - third parties				(15,894)
- Write back of allowance for impairment of trade receivables - third parties				600
- Inventories written off				(15,998)
- Impairment of plant and equipment				(101,315)
- Reversal of provision for slow moving inventories				373
- Loss on disposal of plant and equipment				(20,584)
Loss before income tax				(118,159)
Income tax expense				(3,042)
Loss for the financial year				(121,201)

Major customer

Revenue from one major customer amounted to S\$87,517 and S\$585,902 for the financial years ended 31 December 2018 and 31 December 2017, respectively arising from the projects segment.

Geographic information

All the Group's revenues from external customers and all non-current assets are attributed to Singapore and located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management

The Group's and the Company's activities expose them to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the ordinary course of business. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

24.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only bidding for contracts from developers with good financial standing. The Group and the Company perform ongoing credit evaluation of its counterparties' financial condition and does not require collaterals.

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top 3 (31.12.2017: 3 and 1.1.2017: 2) trade receivables from third parties amounting to S\$72,756 (31.12.2017: S\$39,116 and 1.1.2017: S\$207,048) which accounts for 38% (31.12.2017: 25% and 1.1.2017: 50%) of the total trade receivables as at the end of the financial year.

The Company has no significant concentration of credit risk as at 31 December 2018 and 2017 (1.1.2017: amount due from subsidiary).

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk. The Group and the Company do not hold any collateral.

The Group's and the Company's major classes of financial assets are trade and other receivables and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.1 Credit risk (cont'd)

Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on their shared credit risk characteristics and number of days past due. The contract assets have substantially the same risk characteristics as the trade receivables from the same type of customers. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical credit loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and the unemployment rate of Singapore, which is the country in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	<u>Current</u>	Within 30	30 to 60	60 to 90	90 to 180	More than 180 days	<u>Total</u>
	S\$	days S\$	days S\$	days S\$	days S\$	S\$	S\$
Expected loss rate	0.5%	1.0%	2.0%	5.5%	7.5%	100%	
Trade receivables	48,380	29,335	7,955	9,197	5,345	90,018	190,230
Loss allowance	.*	.*	.*	.*	.*	90,018	90,018

* The loss allowance is not significant

The loss allowance of the credit risk exposure in relation to contract assets is also not significant, as disclosed in Note 5(b) to the financial statements.

Write-off policy

Trade receivables and contract assets are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss. There are no trade receivables written off during the current financial year that are subject to enforcement activity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.1 Credit risk (cont'd)

Significant increase in credit risk

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- (i) Internal credit rating
- (ii) External credit rating (if available)
- (iii) Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- (iv) Actual or expected significant changes in the operating results of the borrower
- (v) Significant increases in credit risk on other financial instruments of the same borrower
- (vi) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- (vii) Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

Credit-impaired financial assets

The Group determined that its financial assets are credit-impaired when:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.1 Credit risk (cont'd)

Financial assets that are neither past due nor impaired

As at 31 December 2017 and 1 January 2017, trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. The Group's historical experience in the collection of receivables falls within the credit terms granted.

Bank deposits are mainly deposits with reputable banks with high credit rating and no history of default.

Financial assets that are past due but not impaired

As at 31 December 2017 and 1 January 2017, there is no other class of financial assets that is past due but not impaired except for trade receivables (Note 14) held by the Group.

The Company does not have any trade receivables as at the end of the reporting period.

24.2 Foreign currency risk

Foreign currency risks arise from transactions denominated in currencies other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar, Malaysian Ringgit and Euro.

The Group and the Company do not hedge foreign currency exposure using derivative financial instruments. The Group and the Company manage foreign currency risks by close monitoring of the timing of inception and settlement of the foreign currency transactions.

The Group and the Company monitor foreign exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group enters into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks. As at 31 December 2018 and 2017 and 1 January 2017, there are no outstanding forward foreign currency contracts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.2 Foreign currency risk (cont'd)

The Company does not have any monetary assets and monetary liabilities denominated in foreign currency. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting date are as follows:

	<u>31.12.2018</u>	<u>31.12.2017</u>	<u>1.1.2017</u>
	S\$	S\$	S\$
Group			
Monetary assets			
Euro	-	1,642	1,642
United States dollar	-	1,614	1,614
Malaysian ringgit	62	62	61
	<hr/>	<hr/>	<hr/>
Monetary liabilities			
United States dollar	29,177	41,920	56,225
Malaysian ringgit	5,895	5,903	5,780
	<hr/>	<hr/>	<hr/>

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk are mainly in United States dollar, Euro and Malaysian ringgit.

The following table details the Group's sensitivity to a 4% (2017: 6%) change in United States dollars against Singapore dollar. The sensitivity analysis assumes an instantaneous 4% (2017: 6%) change in the foreign currency exchange rates from the end of the reporting date, with all other variables held constant. The results of the model are also constrained by the fact that only monetary item, which is denominated in United States dollar is included in the analysis.

The effect of this change would result in an increase/(decrease) in the Group's loss before income tax by:

	Group	
	<u>2018</u>	<u>2017</u>
	S\$	S\$
<i>United States dollar</i>		
Strengthen against Singapore dollar	1,167	2,418
Weaken against Singapore dollar	(1,167)	(2,418)
	<hr/>	<hr/>

Sensitivity analysis is not shown for Euro and Malaysian ringgit as the amounts are insignificant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.3 Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-bearing finance lease liability. The Company has no exposure to market risk for changes in interest risk.

The Group's results are not affected by changes in interest rates as the interest rate for the finance lease liability is fixed at the contract date.

24.4 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

Contractual maturity analysis

	Within one financial <u>year</u> S\$	<u>Total</u> S\$
Group		
31.12.2018		
<i>Financial liabilities:</i>		
<i>Non-interest bearing</i>		
- Trade and other payables	2,206,635	2,206,635
- Amount due to a director	59,780	59,780
- Amount due to a related party	34,000	34,000
<i>Interest-bearing liability</i>		
Finance lease liability	482	482
	<u>2,300,897</u>	<u>2,300,897</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.4 Liquidity risk (cont'd)

Contractual maturity analysis (cont'd)

Group		Within one financial year S\$	<u>Total</u> S\$
31.12.2017			
<i>Financial liabilities:</i>			
<i>Non-interest bearing</i>			
- Trade and other payables		1,736,694	1,736,694
<i>Interest-bearing liability</i>			
Finance lease liability		6,266	6,266
		<u>1,742,960</u>	<u>1,742,960</u>
		After one financial year but within five financial years	
	Within one financial year S\$	S\$	<u>Total</u> S\$
Group			
1.1.2017			
<i>Financial liabilities:</i>			
<i>Non-interest bearing</i>			
- Trade and other payables	3,811,770	-	3,811,770
<i>Interest-bearing liability</i>			
Finance lease liability	6,312	6,266	12,578
	<u>3,818,082</u>	<u>6,266</u>	<u>3,824,348</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.4 Liquidity risk (cont'd)

Contractual maturity analysis (cont'd)

	Within one financial year S\$	<u>Total</u> S\$
Company		
31.12.2018		
<i>Financial liabilities</i>		
<i>Non-interest bearing</i>		
- Trade and other payables	954,195	954,195
- Amount due to a director	59,780	59,780
	<u>1,013,975</u>	<u>1,013,975</u>
 31.12.2017		
<i>Financial liabilities</i>		
<i>Non-interest bearing</i>		
- Trade and other payables	<u>590,262</u>	<u>590,262</u>
 1.1.2017		
<i>Financial liabilities</i>		
<i>Non-interest bearing</i>		
- Trade and other payables	<u>2,524,426</u>	<u>2,524,426</u>

The Group's and the Company's operations are financed mainly through equity and interest-bearing liability.

24.5 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as a going concern and may raise capital from the equity market or obtain financial support from its ultimate controlling shareholder and a director of its subsidiary if deemed necessary.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayments and interests) based on operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Financial Instruments, Financial Risks and Capital Management (cont'd)

24.5 Capital management policies and objectives (cont'd)

The management monitors capital based on gearing ratio, which is net debt divided by total equity plus net debt. The Group and the Company includes within net debt, trade and other payables, interest-bearing liability, less cash and cash equivalents. Total equity consists of share capital and accumulated losses.

24.6 Fair value of financial assets and financial liabilities

Fair value of financial instruments that are not carried at fair value

Management considers that the carrying amounts of financial assets and liabilities other than finance lease liability recorded at amortised cost in the financial statements approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of reporting period.

The fair value of finance lease liability is estimated by discounting expected future cash flows at a rate for similar type of leasing arrangement as at reporting date.

There is no significant change in rate for similar types of leasing arrangements as at reporting date and therefore the fair value of finance lease liability approximates the carrying amount.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

25 Scheme of Arrangement

On 1 December 2016, the Company filed the Scheme of Arrangement (“SOA” or “Scheme”) Application to seek to effect a restructuring of its debts and liabilities, under Section 210 of the Companies Act. The SOA Application was granted by the High Court (“Court”) on 7 December 2016.

On 20 December 2016, the Company entered into a binding conditional placement term sheet with Mr Lim Chwee Kim, a director and controlling shareholder of the Company (“Subscriber”). Pursuant to the placement term sheet, the Company would allot and issue an aggregate of 2,000,000,000 new ordinary shares (“Placement Shares”) in the capital of the Company, for an aggregate subscription amount of S\$1,000,000, such placement shares representing approximately 73.28% of the enlarged issued and paid-up shares in the share capital of the Company (after taking into account up to 513,253,613 new Shares (“Scheme Shares”) to be issued under the Scheme (“Placement”), at the price of S\$0.0005 for each Placement Share (“Placement Price”).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25 Scheme of Arrangement (cont'd)

On 1 February 2017, the SOA was unanimously approved at the Court meeting convened on 1 February 2017.

On 20 February 2017, the Company filed an application for Court sanction of the Scheme pursuant to Section 210(3AB)(c) (read with Section 210(4)) of the Act ("Sanction Application"). The hearing for the Sanction Application was fixed to proceed on 15 March 2017.

On 24 February 2017, the Company entered into a Placement Agreement with the Subscriber pursuant to which the Subscriber would subscribe for, and the Company would allot and issue 2,000,000,000 Placement Shares at the Placement Price.

Under the Scheme, the Company would allot and issue the 513,253,613 Scheme Shares on a pari passu basis to the participating creditors ("Scheme Creditors"), at the price of S\$0.001 for each Scheme Share (the "Scheme Issue Price"). Pursuant to Rules 804, 805(1), 811, 812(2) and 906 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), the Proposed Placement and Proposed Scheme Share Issue were subject to approval of the Shareholders at an extraordinary general meeting to be convened.

On 15 March 2017, the Sanction Application was heard before the Court. The Court granted an order to sanction the Scheme ("Sanction Order") in the following terms:

- (a) that the Scheme dated 12 January 2017 which was duly approved at the Court Meeting held on 1 February 2017 is approved in accordance with Section 210(3AB)(c) (read with Section 210(4)) of the Act so as to be binding on the Company and the Existing Creditors;
- (b) that pursuant to Section 210(7) of the Act, the Company is exempted from annexing a copy of the order to be made herein to every copy of its memorandum issued after the order has been made as required under Section 210(6) of the Act;
- (c) that the Company is at liberty to apply for such further or other directions as may be necessary; and
- (d) costs of and incidental to this application be paid out of the assets of the Company.

On 22 March 2017, a copy of the Sanction Order was lodged by the Company with the Accounting and Corporate Regulatory Authority of Singapore. Pursuant to Section 210(5) of the Act, the Sanction Order took effect on and from 22 March 2017.

On 3 May 2017, the Company received the Listing and Quotation Notice from the SGX-ST for the listing of, and quotation for the 2,000,000,000 Placement Shares and 513,253,613 Scheme Shares in the capital of the Company, subject to compliance with the SGX-ST's listing requirements and approval from Shareholders being obtained at a general meeting to be convened. In addition, the SGX-ST required the Placement Shares to be placed out within (7) seven market days from the date of the extraordinary general meeting ("EGM") of the Company to be convened for the purpose of seeking the Company's shareholders' approval for the allotment and issue of the Placement Shares and the Scheme Shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25 Scheme of Arrangement (cont'd)

On 31 May 2017, all the resolutions as set out in the notice of EGM dated 16 May 2017, and put to the meeting, were duly approved and passed by the Company's shareholders present and voting either in person or by proxy by way of a poll at the EGM held on 31 May 2017.

On 9 June 2017, the Placement was completed and the Placement Shares were allotted and issued to the Subscriber, in accordance with the terms of the Placement Agreement. The Placement Shares were listed and quoted on the Catalist board of the SGX-ST on 14 June 2017. Following completion of the Placement, the issued share capital of the Company was increased from 216,000,000 Shares to 2,216,000,000 Shares on 9 June 2017.

On 19 July 2017, following the finalisation of the adjudication of the proof of debts by the Scheme manager, a total of 513,253,595 Scheme Shares were allotted with 18 Scheme Shares disregarded as fractions of a Scheme Share. The Scheme Shares were listed and quoted on the Catalist board of the SGX-ST on 21 July 2017. Following the issue of the Scheme Shares, the issued share capital of the Company was increased from 2,216,000,000 Shares to 2,729,253,595 Shares on 19 July 2017. Further, pursuant to the terms of the Scheme, the Company issued payment of the Scheme consideration to the Scheme Creditors for an aggregate amount of S\$750,000 to compromise in full all actual and contingent claims against the Company.

On and around 29 September 2017, approximately S\$236,000 of the proceeds from the Placement was utilised to pay for the professional fees in relation to the Placement and the Scheme and fund the Company's working capital to facilitate the restructuring, and the balance of approximately S\$14,000 will be used to fund the Company's future working capital.

On 17 October 2017, payment to all the Scheme Creditors was made in accordance with the Scheme and was accordingly a good discharge to the Company. The payment of the Scheme consideration and issuance of Scheme Shares to the Scheme Creditors constituted a full and final settlement of all liabilities owed by the Company to the existing creditors. Accordingly, the Scheme was completed during the previous financial year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 Contingent Liabilities

- (a) On 30 October 2012, the Group's subsidiary, White Cubic Pte. Ltd. ("WC"), entered into an agreement with a third party supplier (the "Supplier") for the supply of goods pursuant to a purchase order. On 12 February 2015, the Supplier filed a legal claim of approximately S\$103,000 against WC, as WC has refused to take delivery of the goods. WC is of the view that they are not liable for the sum claimed by the Supplier or any part thereof, and WC has counterclaimed approximately S\$15,000 against the Supplier for the Supplier's failure to provide quality goods to WC.

On 18 May 2018, WC and the Supplier have filed their closing submissions with the Court.

WC has been advised by its lawyer that WC has a good chance of defending this legal claim and succeeding in the counterclaim. Accordingly, no provision for any liability has been made in the current financial year ended 31 December 2018.

As at the date of these financial statements, there is no further development on this legal matter.

- (b) In 2016, a customer (the "Customer") engaged the Company's former wholly-owned subsidiary, Jason Parquet Specialist (Singapore) Pte Ltd, for the supply, installation and maintenance of timber flooring and decking works for a project pursuant to a sub-contract agreement dated 15 February 2016. On or about 28 March 2016, an insurance company (the "Insurer") issued a performance bond in favour of the Customer for the sum of S\$395,184 (the "Sum"), which represented 10% of the sub-contract sum. On 25 January 2017, the Customer demanded payment of the Sum from the Insurer, who took the position that the performance bond had not taken effect at all as it was cancelled before it could be delivered to the Customer.

On 31 May 2018, the Insurer issued a third party notice against the Company ("Third Party Proceedings"). The Insurer has, through the Third Party Proceedings, brought in the Company as the third party on the basis that the Company is liable to indemnify the Insurer against the Customer's claim and the costs of such action as the court may deem fit on the grounds that the Company had agreed under a deed of indemnity dated 5 February 2016 to indemnify the Insurer against, inter alia, all demands, actions, losses and expenses arising out of the performance bond.

On 28 August 2018, the Insurer filed and served its Statement of Claim against the Company, which is based entirely on the deed of indemnity dated 5 February 2016. The Company has, on 3 September 2018, filed a summons to strike out the Insurer's third party claim in its entirety (the "Striking Out Application"). This Striking Out Application is predicated on the argument that the Insurer's claims based on the deed of indemnity dated 5 February 2016 have been extinguished by operation of the Scheme of Arrangement dated 12 January 2017 as sanctioned by an Order of the High Court made on 15 March 2017.

On 24 September 2018, the High Court Registry allowed the filing of the Company's Defence to the Insurer's third party claims to be deferred to a date after the outcome of the Striking Out Application.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 Contingent Liabilities (cont'd)

(b) (cont'd)

On 16 October 2018, the Striking Out Application was granted by the High Court and the Insurer's third party claim against the Company was struck out in its entirety on the basis that the Insurer's claim based on the deed of indemnity dated 5 February 2016 was held to be a claim which was extinguished by the Company's Scheme of Arrangement dated 12 January 2017.

On 19 October 2018, the Insurer filed its Notice of Appeal against the High Court's decision to strike out the Insurer's third party claim against the Company.

On 14 January 2019, the Striking Out Appeal was allowed and the Insurer's claim against the Company based on the deed of indemnity dated 5 February 2016 by way of the third-party action in Suit No. 370/2017 was allowed to proceed.

The Company has been advised by its lawyer that it has a good chance of successfully defending against this legal claim. Accordingly, no provision for any liability has been made in the current financial year ended 31 December 2018.

27 Proposed Transactions / Significant Events

27.1 The Proposed Acquisition

On 2 November 2018, the Company entered into a sale and purchase agreement (the "SPA") with Neo Wee Han Victor, Lim Kian Sing and Lee Han Chong (collectively, the "Controlling Shareholders") and Revez Group Pte. Ltd. (the "Target"), pursuant to which the Company will acquire the entire issued and paid up share capital of the Target from the Controlling Shareholders, upon the terms and conditions of the SPA (the "Proposed Acquisition").

The consideration for the Proposed Acquisition as determined by mutual agreement between the parties to the SPA (collectively, the "Parties") is S\$42,660,000 (the "Purchase Consideration"), and shall be satisfied in full by the allotment and issuance of 11,642,995,836 new shares in the share capital of the Company (the "Consideration Shares") at an issue price of approximately S\$0.003664 per Consideration Share. The Consideration Shares shall be issued as fully-paid shares and rank *pari passu* in all respects with and carry all rights similar to the shares in issue then, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the Consideration Shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27 Proposed Transactions / Significant Events (cont'd)

27.1 The Proposed Acquisition (cont'd)

On or before Completion of the Proposed Acquisition, the Controlling Shareholders and the Target agrees with and undertakes to the Company that they will ensure the completion of the Restructuring Exercise that will result in the Target holding the entire issued and paid up share capital of the Target's subsidiaries.

The completion of the Proposed Acquisition is subject to the approval of the shareholders at the forthcoming Extraordinary General Meeting to be convened by the Company.

27.2 The Proposed Disposal of subsidiary

On 2 November 2018, the Company entered into a disposal agreement with a related party (the "NCI") and its subsidiary, White Cubic Pte. Ltd. In connection with the Proposed Acquisition, the Company proposes to sell and the NCI agrees to buy 60% of the total issued and fully paid-up ordinary shares in the capital of White Cubic Pte. Ltd. owned by the Company for an aggregate cash consideration of S\$20,000. The completion of disposal of subsidiary and the Proposed Acquisition shall occur on the same day.

The completion of the Proposed Disposal is subject to the approval of the shareholders at the forthcoming Extraordinary General Meeting to be convened by the Company in relation to the Proposed Acquisition as disclosed in Note 27.1 above.

28 Authorisation of Financial Statements

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 20 March 2019.

STATISTICS OF SHAREHOLDINGS AS AT 18 MARCH 2019

Issued and fully paid-up share capital	:	S\$10,926,168.595 ⁽¹⁾
Number of shares	:	2,729,253,595
Class of shares	:	Ordinary shares
Voting rights	:	On a poll - One vote for each ordinary share

⁽¹⁾ Being the issued and paid-up share capital of the Company extracted from the Accounting and Corporate Regulatory Authority of Singapore.

The Company does not have any treasury shares and subsidiary holdings.

SHARES HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 18 March 2019, approximately 24.97% of the issued ordinary shares of the Company were held in the hands of the public as defined in the Catalist Rules. This is in compliance with Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public.

DISTRIBUTION OF SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0	0	0.00
100 - 1,000	20	5.60	9,997	0.00
1,001 - 10,000	48	13.45	378,500	0.01
10,001 - 1,000,000	260	72.83	33,449,729	1.23
1,000,001 and above	29	8.12	2,695,415,369	98.76
	357	100.00	2,729,253,595	100.00

STATISTICS OF SHAREHOLDINGS

AS AT 18 MARCH 2019

TWENTY LARGEST SHAREHOLDERS

(As recorded in the Register of Members and Depository Register)

SHAREHOLDER'S NAME	NO. OF SHARES	%
1 LIM CHWEE KIM	2,042,800,000	74.85
2 UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	123,412,875	4.52
3 MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	121,082,946	4.44
4 AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED,	118,732,602	4.35
5 RAFFLES NOMINEES (PTE.) LIMITED	103,345,699	3.79
6 JASON SIM CHON ANG	51,028,000	1.87
7 YAP KOON HONG	34,087,845	1.25
8 RADWELL PTE LTD	28,351,000	1.04
9 CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,501,103	0.46
10 NEO KAH KIAT	9,797,000	0.36
11 DREW & NAPIER LLC	9,190,999	0.34
12 SIM CHOON JOO	5,400,000	0.20
13 SOH HOCK LEONG	3,700,000	0.14
14 TRICOR SINGAPORE PTE LTD	3,402,461	0.12
15 TAY PHAIK HOOI	3,232,000	0.12
16 KPMG SERVICES PTE LTD	2,791,595	0.10
17 NEW SZE WEI (LIANG SHIWEI)	2,688,313	0.10
18 CHOO MEE HUA	2,516,443	0.09
19 OCBC SECURITIES PRIVATE LIMITED	2,461,000	0.09
20 NAM LEONG CO PTE LTD	2,000,000	0.07
TOTAL	<u>2,682,521,881</u>	<u>98.30</u>

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
LIM CHWEE KIM	2,042,800,000	74.85	Nil	Nil

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **Jason Holdings Limited** (the “**Company**”) will be held at Koo Chye Bo Seng Hong Temple San Qing Gong, Level 2, 21 Bedok North Avenue 4, Singapore 489948 on Thursday, 18 April 2019 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditor’s Report thereon. **(Resolution 1)**
2. To re-elect Mr Lim Chwee Kim, who is retiring pursuant to Article 98 of the Company’s Constitution and has offered himself for re-election. **(Resolution 2)**
[See Explanatory Note 1]
3. To re-elect Mr Karam Singh Parmar, who is retiring pursuant to Article 98 of the Company’s Constitution and has offered himself for re-election. **(Resolution 3)**
[See Explanatory Note 2]
4. To approve the payment of Directors’ Fees amounting to \$95,000 for the financial year ended 31 December 2018. **(Resolution 4)**
5. To approve the payment of Directors’ Fees of up to \$23,750 for the financial period ended 31 March 2019. **(Resolution 5)**
[See Explanatory Note 3]
6. To re-appoint Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to Allot and Issue Shares** **(Resolution 7)**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Act**”) and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- (I) (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, “**instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (II) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided that:

NOTICE OF ANNUAL GENERAL MEETING

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of instruments, made or granted pursuant to this Resolution), shall not exceed 100% of the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), whether on pro-rata or non pro-rata basis;
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the issued shares shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or sub-division of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (d) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note 4]

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary

Singapore
27 March 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Mr Lim Chwee Kim will, upon re-election as Director of the Company, remain as Executive Chairman.
2. Mr Karam Singh Parmar will, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules.
3. Ordinary Resolution 5 is to seek approval for a sum of up to \$23,750 to be paid as directors' fees for the financial period from 1 January 2019 to 31 March 2019 to the independent directors namely, Mr Wui Heck Koon, Mr Karam Singh Parmar and Mr Tan Lai Heng.
4. Special Resolution 7 is to empower the Directors of the Company, effective until conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of shares (including shares to be made in pursuance of instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing of this Resolution. For issue of shares (including shares to be made in pursuance of instruments made or granted pursuant to this Resolution) whether on a pro-rata or non pro-rata basis to all shareholders shall not exceed 100% of the total issued shares at the time of the passing of this Resolution.

Notes:

- 1 (a) A member of the Company, who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote at the AGM.
- (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascertained to it in Section 181 of the Act.

- 2 A proxy need not be a member of the Company.
- 3 Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- 4 If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- 5 The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., either by hand at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or by post at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

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

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this notice. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone: +65 6415-9886.

This page has been intentionally left blank.

JASON HOLDINGS LIMITED
 (Company Registration No: 201119167Z)
 (Incorporated in the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2019.

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

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

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

and/or*

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "Meeting") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Meeting of the Company to be held at Koo Chye Bo Seng Hong Temple San Qing Gong, Level 2, 21 Bedok North Avenue 4, Singapore 489948 on Thursday, 18 April 2019 at 2.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion, as he/she/they* will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Auditor's Report		
2	Re-election of Mr Lim Chwee Kim as Director of the Company		
3	Re-election of Mr Karam Singh Parmar as Director of the Company		
4	Approval of Directors' Fees amounting to \$95,000 for the financial year ended 31 December 2018		
5	Approval of Directors' Fees of up to \$23,750 for the financial period ended 31 March 2019		
6	Re-appointment of Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
	As Special Resolution		
7	Authority to allot and issue shares		

⁽¹⁾ If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this day of 2019

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

*Delete where inapplicable

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore ("SFA")), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., either by hand or by post at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for holding the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 March 2019.

General:

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