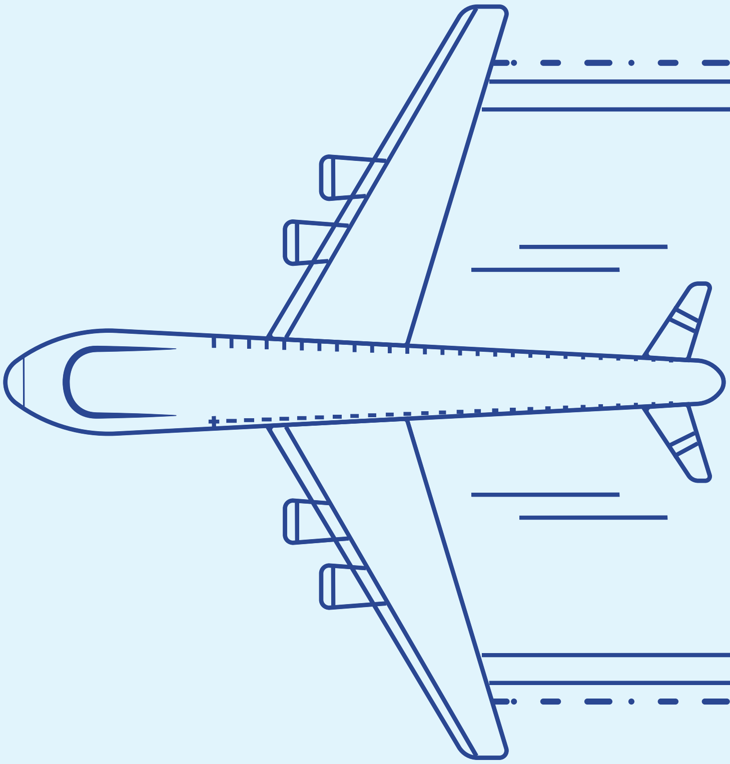
A-Sonic aerospace

Annual Report
2018



OUR MISSION

AN INTEGRATED TEAM IN DIVERSE MARKETS WORKING TO PROVIDE SEAMLESS AVIATION & LOGISTIC SOLUTIONS

CONTENTS

CORPORATE PROFILE

OUR BUSINESS AND OPERATIONS

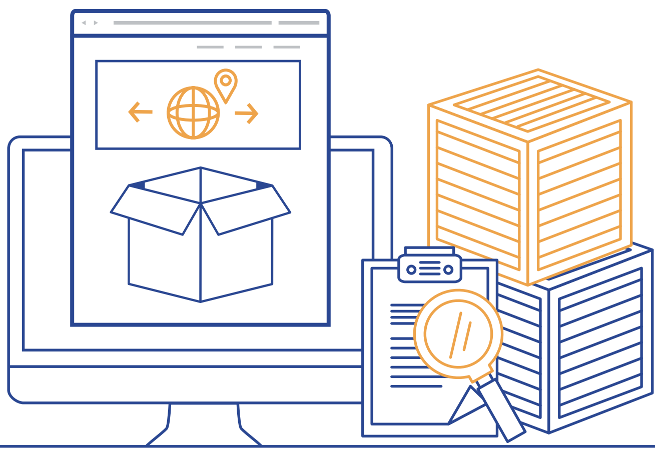
The A-Sonic Group is engaged in two areas of businesses, aviation and logistics. We currently operate in 28 cities in 16 countries, spanning four (4) continents in Asia, North America, Sub-Continent India, and Europe.

AVIATION BUSINESS

We are engaged in the sale, lease and purchase of aircraft and aircraft engines.

LOGISTICS BUSINESS

We are engaged in providing supply chain management services. We specialize in various aspects of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.



OUR PRESENCE

1 Singapore
2 Sydney, Australia
3 Toronto, Canada
4 Beijing, PRC
5 Dalian, PRC
6 Fuzhou, PRC
7 Guangzhou, PRC
8 Nanjing, PRC
9 Ningbo, PRC
10 Qingdao, PRC
11 Shanghai, PRC
12 Shenzhen, PRC
13 Tianjin, PRC
14 Xiamen, PRC
15 Hong Kong
16 Bangalore, India
17 Seoul, Korea
18 Kuala Lumpur, Malaysia
19 Penang, Malaysia
20 Rotterdam, The Netherlands
21 London, United Kingdom
22 Taipei, Taiwan
23 Colombo, Sri Lanka
24 Bangkok, Thailand
25 Dubai, UAE
26 Los Angeles, USA
27 New York, USA
28 Ho Chi Minh, Vietnam

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Janet LC Tan
(Chief Executive Officer)

Tan Lay Yong Jenny
(Executive Director)

Irene Tay Gek Lim
(Executive Director)

Yam Mow Lam
(Independent Director)

Choh Thian Chee Irving
(Lead Independent Director)

Gurbachan Singh
(Independent Director)

COMPANY SECRETARIES

Grace CP Chan *(LLB (Hons), ACIS)*
Seoh Choon Hong *(CA)*
Loo Keat Choon *(CA)*

AUDIT COMMITTEE

Yam Mow Lam *(Chairman)*
Choh Thian Chee Irving
Gurbachan Singh

NOMINATING COMMITTEE

Choh Thian Chee Irving *(Chairman)*
Janet LC Tan
Yam Mow Lam

REMUNERATION COMMITTEE

Choh Thian Chee Irving *(Chairman)*
Yam Mow Lam
Gurbachan Singh

REGISTERED OFFICE

10 Anson Road
#24-07, International Plaza
Singapore 079903
Tel: +65 6226 2072
Fax: +65 6226 2071
Website: www.asonic-aerospace.com

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Tel: +65 6227 6660
Fax: +65 6225 1452

AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Tel: +65 6336 2828

Partner-in-charge:
Ms Tiang Yii
(with effect from financial year ended 31 December 2018)

PRINCIPAL BANKERS

United Overseas Bank Limited
Hongkong & Shanghai Banking Corporation Limited

CEO'S MESSAGE

Our focus is to adapt and advance our business to achieve an economically sustainable A-Sonic.

TO FELLOW SHAREOWNERS

While we finished financial year 2018 on a positive note, we remain cautious as we move forward in 2019 for both segments of our aviation and logistics businesses. Our total revenue increase 5.5% to US$219.631 million in FY 2018. Profit before tax was US$0.812 million. Excluding non-controlling interest, "Profit Attributable to Equity Holders of the Company" was US$1.481 million in FY 2018. Two of the three operating business units achieved profits in FY 2018:

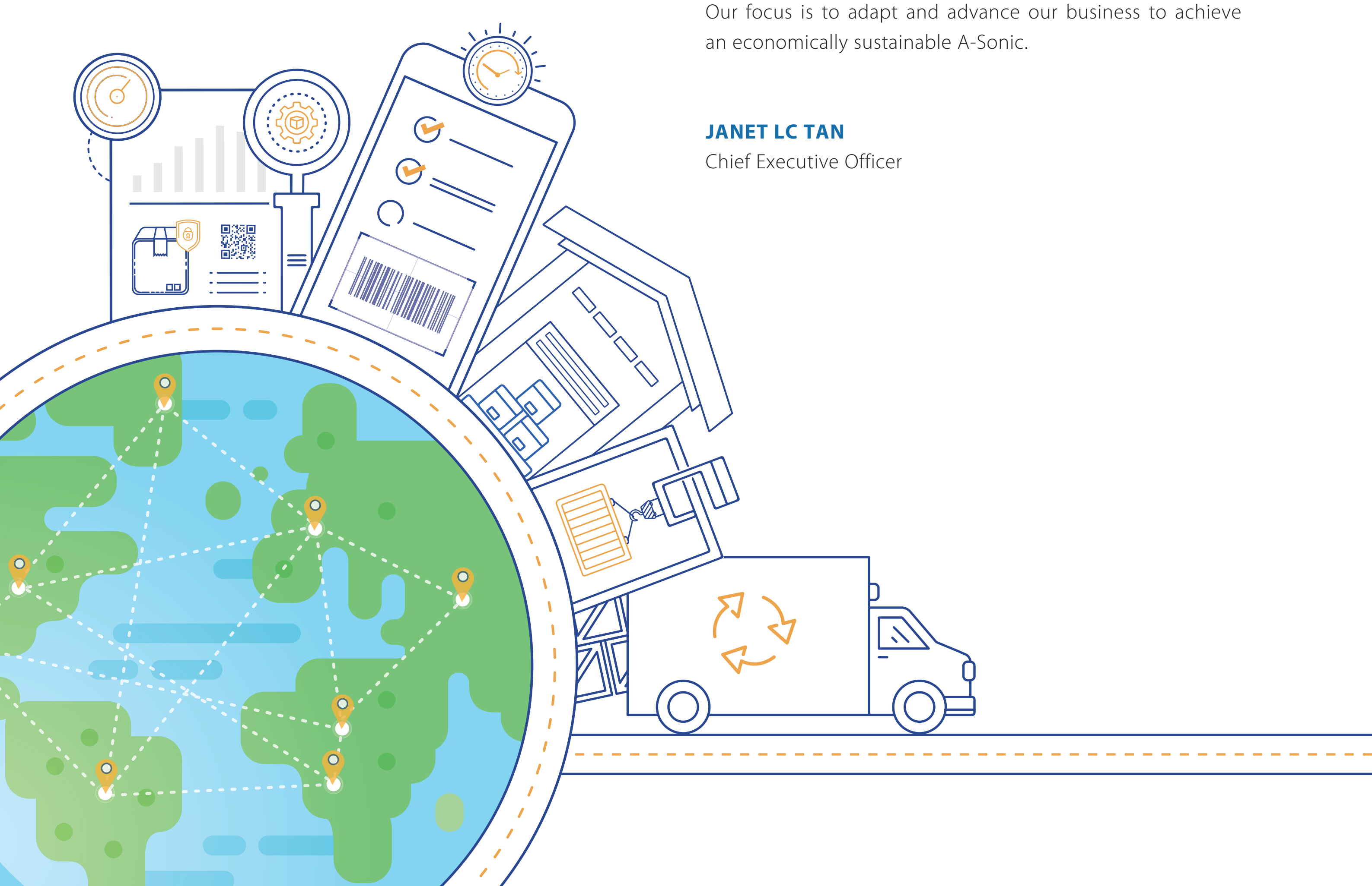
(i) Our aviation operating business unit registered "Profit Attributable to Equity Holders of the Company" of US$1.268 million; and

(ii) "A-Sonic Logistics" operating sub-business unit recorded "Profit Attributable to Equity Holders of the Company" of US$1.082 million.

With challenging headwind expected in 2019, we have a Herculean task ahead of us is to turn adversity into advantage.

Our focus is to adapt and advance our business to achieve an economically sustainable A-Sonic.

JANET LC TAN
Chief Executive Officer



BOARD OF DIRECTORS

MS JANET LC TAN

Ms Janet LC Tan is the promoter founder and Chief Executive Officer. Her responsibilities include setting the overall long-term business direction, developing business strategies, and implementing growth strategies for the A-Sonic Aerospace and its subsidiaries ("A-Sonic Group").

She has over 20 years of extensive experience in the aviation industry.

MR YAM MOW LAM

Mr Yam Mow Lam is an Independent Director of A-Sonic Aerospace Limited, a Fellow of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of Chartered Accountants of Singapore. He is the partner of Robert Yam & Co.. He also sits on the board of directors in Bright Vision Hospital.

With more than 38 years of public accounting practice, his knowledge and experience in various business sectors are a valuable contribution to the Group. He has an MBA (Investment & Finance) from the University of Hull, UK.

MS TAN LAY YONG JENNY

Ms Jenny Tan is the co-founder and the Executive Director. Her responsibilities include overall operational, administrative management, information technology systems and human resources of the aerospace engineering-related business. She has a Bachelor of Science degree from the National University of Singapore.

MR CHOH THIAN CHEE IRVING

Mr Choh Thian Chee Irving is an Lead Independent Director of A-Sonic Aerospace Limited. He is the managing director of Optimus Chambers LLC, a Singapore law firm, and has more than 20 years of experience in legal practice, specializing in commercial litigation and international arbitration. He has a Bachelor of Law (Honours) degree from the University of Buckingham, UK and a mediator with the Singapore Mediation Centre.

MS IRENE TAY GEK LIM

Prior to joining the group, Ms Irene Tay Gek Lim was from the financial services industry. She graduated with degrees in accounting and law from Monash University, Australia, and post-graduate studies in law and banking from the National University of Singapore and University of Southampton, United Kingdom, respectively. Her responsibilities include overseeing the logistics business unit under the branding "A-Sonic Logistics".

MR GURBACHAN SINGH

Mr Gurbachan Singh started his career as a legal officer with the Inland Revenue Department (Ministry of Finance) in 1977. He was appointed as a judicial officer at the Subordinate Courts in 1986. Between 1991 to December 2013, he was the Partner and later the Managing Partner of a large law firm. Currently, he runs a law firm, GSM Law LLP where he is the Managing Partner.

He is a member of the STEP. He was also a Director of Tax Academy of Singapore and Honorary Tax Advisor to the Real Estate Developers' Association of Singapore (REDAS).

He graduated with a Bachelor of Law degree from National University of Singapore (the then University of Singapore) in 1977.

FINANCIAL PERFORMANCE

A-Sonic Aerospace Limited and its subsidiaries (the "**A-Sonic Group**" or the "**Group**") are engaged in two areas of businesses, aviation and logistics. We operate in 28 cities in 16 countries, spanning across four (4) continents in Asia, North America, Sub-Continent India and Europe. Our staff strength was approximately 700 personnel as at 31 December 2018.

Our aviation business relates to the sale, lease and purchase of aircraft and aircraft engines.

Our logistics business relates to supply chain management services and logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, customs clearance, and airport ground services.

Highlights

We finished financial year ("FY") 2018 on a positive note. We achieved "Profit Attributable to Equity Holders of the Company of US$1.481 million in FY 2018.

Our total revenue increase 5.5% to US$219.631 million in FY 2018. Profit before tax was US$0.812 million. Excluding non-controlling interest, "Profit Attributable to Equity Holders of the Company" was US$1.481 million in FY 2018.

Two of the three operating business units achieved profits:

(i) Our aviation operating business unit registered "Profit Attributable to Equity Holders of the Company" of US$1.268 million in FY 2018; and

(ii) "A-Sonic Logistics" operating sub-business unit recorded "Profit Attributable to Equity Holders of the Company" of US$1.082 million in FY 2018.

The other third operating sub-business logistics unit pared the above gains.

INCOME STATEMENT

Revenue

FY 2018 vs FY 2017

Our "Total revenue" comprises "Turnover" and "Other income". Our Group's "Total revenue" increased US$11.505 million (5.5%) to US$219.631 million for the financial year ended 31 December ("FY 2018"), compared to US$208.126 million for the financial year ended 31 December 2017 ("FY 2017").

Our Group "Turnover" in FY 2018 increased US$11.599 million (5.6%) to US$218.751 million, compared to US$207.152 million in FY 2017 as a result of:

(i) An increase of US$6.598 million in the aviation "Turnover" to US$7.760 million in FY 2018, compared to US$1.162 million in FY 2017, resulting from the sale of aircraft and aircraft engines; and

(ii) An increase of US$5.001 million (2.4%) in the logistics "Turnover" to US$210.991 million in FY 2018, compared to US$205.990 million in FY 2017. Logistics "Turnover" increased primarily due to higher business volume in North Asia.

Our aviation business contributed 3.5% (US$7.760 million), and our logistics business unit contributed 96.5% (US$210.991 million) of our Group "Turnover" in FY 2018.

"Other income" decreased US$0.094 million (9.7%) to US$0.880 million in FY 2018, compared to US$0.974 million in FY 2017. The decrease in "Other income" was mainly due to absence of "Impairment allowance for non-trade receivables written back".

Total Expenses

FY 2018 vs FY 2017

Our "Total expenses" increased US$9.502 million to US$219.866 million in FY 2018, compared to US$210.364 million in FY 2017, primarily owing to:

FINANCIAL PERFORMANCE

(i) "Freight charges" increased US$4.821 million to US$188.592 million in FY 2018, compared to US$183.771 million in FY 2017, in line with higher logistics "Turnover" in FY 2018 as elaborated on section entitled "***Revenue***" for "***FY 2018 vs FY 2017***";

(ii) An increase of US$3.528 million in "Purchases of goods and consumables used" to US$3.560 million, substantially resulting from sale of aircraft engines in FY 2018, compared to US$0.032 million in FY 2017;

(iii) An increase of US$0.745 million in "Changes in inventories" to US$1.735 million in FY 2018, compared to US$0.990 million in FY 2017. This was in line with the higher aviation "Turnover" in FY 2018, as elaborated in the earlier section entitled "***Revenue***" for "***FY 2018 vs FY 2017***"; and

(iv) Increase in "Staff costs" of US$0.722 million in FY 2018 was largely attributable to an increase in head count in logistics business, resulting from salary increment and additional headcount of our logistics business unit.

Gross Profit

FY 2018 vs FY 2017

Our "Gross profit" was computed based on "Turnover" less "Changes in inventories", "Purchases of goods and consumables used" and "Freight charges". "Gross profit" increased US$2.505 million to US$24.864 million in FY 2018, compared to US$22.359 million in FY 2017. Of the US$2.505 million higher "Gross Profit" in FY 2018, US$2.325 million increase was generated from the aviation business.

Profit/(Loss) Attributable to Equity Holders of the Company

FY 2018 vs FY 2017

In FY 2018, we achieved a turnaround position, compared to a loss in FY 2017. We recorded "Profit Attributable to Equity Holders of the Company" of US$1.481 million in FY 2018, compared to "Loss Attributable to Equity Holders of the Company" of US$1.221 million in FY 2017. The improvement was largely due to:

(a) A turnaround of the aviation business to a "Profit Attributable to Equity Holders of the Company" of US$1.268 million in FY 2018, compared to a "Loss Attributable to Equity Holders of the Company" of US$1.409 million in FY 2017; and

(b) A further improvement of US$0.053 million in logistics business unit operating under the "A-Sonic Logistics" branding to a "Profit Attributable to Equity Holders of the Company" to US$1.082 million in FY 2018, compared to a "Profit Attributable to Equity Holders of the Company" of US$1.029 million in FY 2017.

The results improvements of the aviation business and the logistics business unit operating under the "A-Sonic logistics" branding were, however, partially offset by the US$0.869 million "UBI Logistics" sub-group losses.

A summary of the performance of each business unit is tabulated below:

Business Unit Performance		**"Profit/(loss) Attributable to Equity Holders of the Company" for 12 months ended 31 December 2018 ("FY 2018")**	**"Profit/(loss) attributable to Equity Holders of the Company" for 12 months ended 31 December 2017 ("FY 2017")**
(i) Aviation	:	US$1.268 million	(US$1.409 million)
(ii) Logistics sub-unit operating under "A-Sonic Logistics" brand	:	US$1.082 million	US$1.029 million
(iii) Logistics sub-unit operating under "UBI Logistics" group	:	(US$0.869 million)	(US$0.841 million)
Consolidated A-Sonic Group	:	US$1.481 million	(US$1.221 million)

FINANCIAL PERFORMANCE

Had "UBI Logistics" sub-group losses been excluded, the aviation business and the logistics business unit operating under the "A-Sonic Logistics" branding would have recorded an even higher "Profit Attributable to Equity Holders of the Company" of US$2.350 million in FY 2018 (instead of only US$1.481 million).

BALANCE SHEET

Non-current assets

The Group's "Non-current assets" increased US$0.542 million to US$7.751 million as at 31 December 2018, compared to US$7.209 million as at 31 December 2017 ("FY2017"). The increase was attributable to higher (US$0.775 million) "Investment in associated companies" as a result of the higher (US$0.716 million) share of results of associated companies. The increase in the Group's "Non-current assets" was however, partially offset by the reduction of US$0.269 million in "Property, plant and equipment" due to depreciation charge.

Current assets

"Current assets" decreased US$2.194 million to US$65.843 million as at 31 December 2018, compared to US$68.037 million as at the end of FY 2017. The decrease in "Current assets" was due to:

(i) a decline of US$0.829 million in "Trade and other receivables" to US$39.536 million as at 31 December 2018, compared to US$40.365 million as at the end of FY 2017. This was largely attributable to tighter credit control; and

(ii) a reduction of US$1.735 million in "Inventories" to US$1.537 million as at 31 December 2018, largely due to the sale of aircraft.

Non-current liabilities

"Non-current liabilities" decreased US$0.374 million to US$0.578 million as at 31 December 2018 as a result of the partial repayment of the finance lease liabilities, relating to motor vehicles deployed for our logistics business.

Current liabilities

"Current liabilities" decreased US$1.957 million to US$48.703 million as at 31 December 2018, compared to US$50.660 million as at end of FY2017, largely due to:

(i) a decrease of US$1.817 million in "Trade and other payables" to US$43.420 million as at 31 December 2018; and

(ii) a decline of US$0.124 million in "Bank borrowings" to US$4.174 million as at 31 December 2018.

Net assets and Equity

Our Group's net asset value increased US$0.679 million to US$24.313 million as at 31 December 2018, compared to US$23.634 million as at end of FY 2017.

Excluding "Non-controlling interests", our "Equity Attributable to Equity Holders of the Company" increased US$1.358 million to US$27.676 million as at end of 31 December 2018, compared to US$26.318 million as at end of FY 2017. The increase of US$1.358 million in "Equity Attributable to Equity Holders of the Company" was largely due to the Group's "Profit Attributable to Equity Holders of the Company" of US$1.481 million achieved in FY 2018.

The Group's gearing based on total bank borrowings and finance lease liabilities, to net asset value (excluding non-controlling interests) stood at 19.6% as at 31 December 2018, compared to 22.3% as at the end of FY 2017.

CASH FLOW

FY 2018 vs FY 2017

"Net cash generated from operating activities" was US$1.744 million in FY 2018, compared to "Net cash generated from operating activities" of US$4.959 million in FY 2017 largely due to:

(i) The "Operating cash flow before working capital changes" cash generated of US$0.948 million in FY 2018, compared to cash used of US$0.541 million in FY 2017;

FINANCIAL PERFORMANCE

(ii) Cash generated from "Inventories" in FY 2018 was US$1.735 million while cash generated from "Inventories" in FY 2017 was US$0.990 million;

(iii) Cash generated from "Receivables" in FY 2018 was US$0.708 million, while cash used in "Receivables" in FY 2017 was US$6.949 million;

(iv) Cash used in "Payables'' was US$1.817 million in FY2018, compared to cash generated from "Payables" of US$11.205 million in FY 2017; and

(v) "Income tax paid" in FY 2018 was US$0.230 million while US$0.159 million was paid in FY 2017.

"Net cash generated from investing activities" amounted to US$0.387 million in FY 2018, compared to "Net cash used in investing activities" of US$0.497 million in FY 2017. The increase in "Net cash generated from investing activities" in FY 2018 was mainly due to:

(i) "Dividend received from an associated company" was US$0.246 million in FY2018, compared to an amount less than US$1,000 in FY 2017;

(ii) "Interest received" in FY2018 increased by US$0.115 million to US$0.260 million from US$0.145 million in FY 2017;

(iii) A reduction of US$0.262 million in "Restricted deposits" occurred in FY2018 compared to an increase of US$0.312 million in "Restricted deposits" in FY 2017; and

(iv) US$0.297 million was used for "Purchase of property, plant and equipment" in FY 2018 whereas US$0.375 million was used for "Purchase of property, plant equipment" in FY 2017.

However, the increase in "Net cash generated from investing activities" was partially offset by "Investment in unquoted shares" of US$0.095 million in FY 2018.

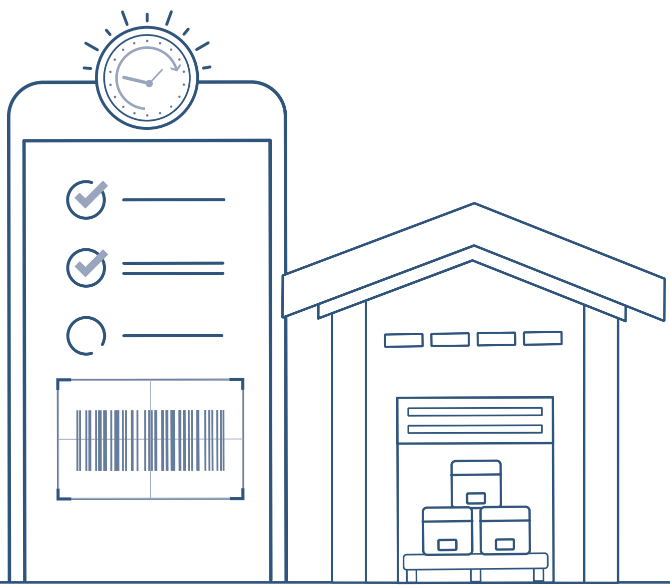
"Net cash used in financing activities" amounted to US$0.814 million in FY 2018, compared to "Net cash generated from financing activities" of US$0.220 million in FY 2017. The increase in "Net cash used in financing activities" was attributed by:

(i) Lower "Proceeds from bank borrowings" of US$0.322 million in FY 2018 compared to US$1.939 million in FY2017;

(ii) Increase in "Repayment of finance lease liabilities" from US$0.575 million in FY 2017 to US$0.616 million in FY 2018; and

(iii) Higher "Interest paid" of US$0.238 million in FY 2018, compared to US$0.214 million in FY 2017.

The above mentioned increase was partially offset by the lower "Repayment of bank borrowings" of US$0.350 million in FY 2018 compared to US$0.991 million in FY 2017.



CORPORATE GOVERNANCE STATEMENT

A-Sonic Aerospace Limited ("A-Sonic") is committed to high standards of corporate governance and endorses the guidelines of the *Code of Corporate Governance issued on 2 May 2012 ("2012 Code")* to protect the interests of its shareholders. This report describes the Company's corporate governance processes and activities with specific reference to the 2012 Code. The Company has adhered to the principles and guidelines set out in the 2012 Code to such extent and as best as it can. In areas which the Company has not adhered to, the Company has adopted the "comply or explain" requirement.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "Board") oversees the overall management of the Group, approves the Group's broad policies, strategies and financial objectives. Apart from discharging their statutory and fiduciary responsibilities both individually and collectively, the other principal roles of the Board include:

(a) provides entrepreneurial leadership and ensure necessary financial and human resources are in place for the Company and Group to meet its objective;

(b) oversees the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy and effectiveness of such processes and framework;

(c) review management performance;

(d) nominates its directors for appointments to the various Board committees;

(e) identify key stakeholders of the Group, evaluate their impact and identify material issues;

(f) set sustainability strategy and review the effectiveness of sustainability strategy and seek area of improvement; and

(g) set the tone for A-Sonic on values and ethics.

As an established practice, the Company has set approval limits for operating and capital expenditure, the procurement of goods and services and the acquisition and disposal of investments. The Board will approve transactions above certain threshold limits while delegating the approval for transactions below the threshold limits to the Chief Executive Office ("CEO"). The matters that require the specific review and approval of the Board are:

(a) material acquisition or divestment proposals;

(b) matters involving potential conflict of interest for a substantial shareholder or a director;

(c) corporate or financial restructuring;

(d) corporate announcements to the public;

(e) quarterly and yearly financial results;

(f) related parties transactions; and

(g) share issuances, dividend distribution, share buy-back and other returns to shareholders.

In 2018, the Board comprised three executive directors and three non-executive directors, with relevant and diverse experience to contribute effectively to the Group. All of the three non-executive directors were independent directors. The Board conducted regular scheduled meetings. Ad hoc meetings were also convened when circumstances required. To facilitate the attendance and participation of directors at Board meetings, the Company's Constitution provides for directors to participate in Board meetings by telephone conference or video conference.

The Board is supported by the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") for effective discharge of their responsibilities. These committees were formed in August 2003 and are chaired by independent directors.

CORPORATE GOVERNANCE STATEMENT

Five Board meetings, four AC meetings, one RC meeting and one NC meeting were conducted during the 2018 financial year. The attendance of the Board members for each meeting is set out in the table below:–

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Board of Directors(1)				
1. Janet LC Tan	5/5			
2. Tan Lay Yong Jenny	5/5			
3. Irene Tay Gek Lim	5/5			
4. Yam Mow Lam	4/5			
5. Choh Thian Chee Irving	4/5			
6. Gurbachan Singh	4/5			
Audit Committee(2)				
1. Yam Mow Lam		3/4		
2. Choh Thian Chee Irving		3/4		
3. Gurbachan Singh		3/4		
Nominating Committee(2)				
1. Choh Thian Chee Irving			0/1	
2. Janet LC Tan			1/1	
3. Yam Mow Lam			1/1	
Remuneration Committee(2)				
1. Choh Thian Chee Irving				0/1
2. Yam Mow Lam				1/1
3. Gurbachan Singh				1/1

(1) *The composition of the Board of Directors in 2018*
(2) *The composition of the respective committees in 2018*

Upon appointment to the Board, each Director will receive a Directors' guidebook which sets out the Director's duties and responsibilities and the Board governance policies and practices. The Director's guidebook will be maintained by the Company Secretary. In line with best practices in corporate governance, a newly appointed Director will sign a letter of engagement stating the role of the Board and non-executive Directors. A Director will be expected to allocate adequate time to address the Company's corporate affairs.

The Company has an orientation program in place for incoming directors to familiarize them with the Company's business and governance practices. To keep pace with regulatory changes, the directors are provided with information, updates and appropriate training from time to time including any changes in legislation and financial reporting standards, government policies, regulations and guidelines from SGX-ST that affect the Company and/or the directors in discharging their duties.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprised three (50%) executive directors and three (50%) non-executive directors. All of the three non-executive directors were independent directors. In this regard, half of the Board is considered independent. In addition, the Board has a balance of gender comprising three (50%) male members and three (50%) female members. The Company does not have nominee director.

Key information regarding the directors is given in the "Board of Directors" section of the annual report. The independence of each Director is reviewed annually by the NC. The NC adopts definitions of the 2012 Code and the rules of Listing Manual what constitutes an independent director in its review.

2012 Code further requires the independence of any director who has served on the Board beyond nine years from the date of first appointment to be rigorously reviewed. The basis of determination by the NC takes into account the annual confirmation of independence (the "Confirmation") completed by each independent director. Each independent director is required under the Confirmation to critically assess his independence and to confirm whether he considers himself independent.

In line with 2012 Code, the NC introduced the peer assessment of independence of each director who has served the Board beyond nine years. The peer assessments considered, amongst others, the contribution by the director, the uniqueness of his skills and participation at meetings. Having carried out their review for FY 2018 and taking into account the view of the NC, the Board determined that Mr Yam Mow Lam and Mr Choh Thian Chee Irving, who were both appointed on 29 July 2003, be considered independent notwithstanding that they have served on the Board beyond nine years. Mr Yam Mow Lam and Mr Choh Thian Chee Irving have contributed effectively by providing impartial and autonomous views, advice and judgement. They have continued to demonstrate strong independence in character and mind.

In assessing the independence of the Directors who have served beyond nine years, the Board has carried out a rigorous review and has assessed in accordance to the 2012 Code's definition. The Board has taken into consideration of the following factors in assessing the independence of each, Mr Yam Mow Lam and Mr Choh Thian Chee Irving:

(a) each of them are able to exercise independent judgement in the best interest of the Company as they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers;

(b) each of them are able developed the significant insights into the Group's business and operations over the years and continuing to provide invaluable contribution objectively to the Board as a whole; and

(c) they each contribute to the Board in terms of professionalism, integrity, objectively and ability to exercise independent character and judgement in their deliberation in the interests of the Company.

Therefore, the Board continued to deem Mr Yam Mow Lam and Mr Choh Thian Chee Irving as Independent Directors.

During Board meetings, the non-executive directors participate actively in discussions on key matters pertaining to the Group. They give constructive comments and suggestions to help develop the Group's strategic and business plan. They review the performance of Management in meeting goals and objectives and evaluate their performance.

The NC is of the view that the current Board members comprise persons who have the necessary core competencies to achieve the Group's objectives. In the selection of the members of the Board, the Board takes into consideration an appropriate balance of gender, expertise, skills and attributes among the directors. This is also reflected in the diversity backgrounds and competencies of the directors, whose competencies range from banking, finance, accounting and legal to relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. The Board will constantly examine its size with a view to determine its impact upon its effectiveness.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Ms Janet LC Tan is both the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") of the Group. The Board is of the view that it is not necessary to separate the roles of the Chairman and the CEO given the current corporate structure and scope of the Group's operations. There is also a balance of power and authority with the various committees chaired by independent directors.

As a Chairman, Ms Janet LC Tan's responsibilities are as follows:

(a) leads Board to enable the Board to discharge its duties effectively, and to maintain and enhance the Group's standards of corporate governance;

(b) sets the agenda and ensure that sufficient information and time are available to discuss all items on the agenda;

(c) promotes openness and debate by all directors at the Board meetings;

(d) facilitates effective communication with shareholders; and

(e) encourages constructive relations within Board.

The CEO is responsible for the day-to-day management of the Group as well as the exercise of control over the quality, quantity and timeliness of information flow between the Board and the Management and in developing the business of the Group.

As the CEO and Chairman is the same person, the Board has appointed one of its independent directors, Mr Choh Thian Chee Irving, Chairman of the NC and RC, as the lead independent director. The lead independent director acts as the leader of the independent directors at board meetings in raising queries and pursuing matters; and leads meetings of independent directors without the presence of the executive directors. After the meeting among the independent directors, the lead independent director provides verbal feedback to the Chairman and the feedback are recorded for further actions.

The lead independent director also acts as a bridge between independent directors and the Chairman and is also available to shareholders if they have concerns relating to matters which contact through the normal channels of Chairman/CEO or executive directors has failed to resolve, or where such contact is inappropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

The Company's Constitution requires one-third of the directors to retire from office by rotation and subject themselves to re-election by shareholders at every Annual General Meeting (AGM). Every director must retire from office and may submit himself for re-nomination and re-election at least once every three years. The Company has no alternate directors on its Board.

In 2018, the NC comprised three members, two of whom were independent directors. The Chairman is Mr Choh Thian Chee Irving who is the lead independent director. Other members of the NC are Mr Yam Mow Lam and Ms Janet LC Tan. The terms of reference of the NC include:

(a) to make recommendations to the Board on the re-nomination and re-election of directors, having regard to each Director's contribution and performance;

(b) to review on an annual basis whether a director is independent;

CORPORATE GOVERNANCE STATEMENT

(c) to review whether a director who has multiple board representations is able to and has been adequately carrying out his duties as director of the Company; and

(d) to make recommendations to the Board on new appointments to the Board.

The NC will review the range of skills, expertise, attributes and composition of the Board. It is the responsibility of the NC to identify whether there is a need for an additional director to join the Board or an existing director is required to retire from office. The NC will shortlist candidates with the appropriate profile for nomination or re-nomination. In the evaluation of the performance and contribution of a director, the NC will consider factors such as attendance, participation, requisite skills, and related knowledge of the director.

Key information regarding the directors is disclosed on page 3: "Corporate Information" and 5: "Board of Directors" of this annual report, respectively.

2012 Code requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual reports. The NC has set the guidelines on the maximum number of board appointment in listed companies that a director can hold to ensure that directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each director cannot have more than nine listed board representations including the Company. Nevertheless, as the number of board representations should not be the only measure of a director's commitment and ability to contribute effectively, the NC takes the view that if a director wishes to hold board representations that are more than the maximum stated per the guidelines, the request must be made to the Chairman of the Board for approval.

List of directorships or chairmanships held as at date of this annual report or the past 3 years in other listed companies

Name of Director	Company	Date of Appointment	Date of Resignation/ Retirement
Choh Thian Chee Irving	Serrano Limited	28 October 2014	16 January 2018
	Goodland Group Limited	10 May 2018	–
Gurbachan Singh	Indiabulls Property Management Trustee Pte Ltd (delisted on 11 December 2017)	1 April 2014	–

PRINCIPLE 5: BOARD PERFORMANCE

The NC will review and evaluate the performance of the Board as a whole once a year, taking into consideration attendance record at meetings of the Board and Board committees and the contribution of each individual director to the effectiveness of the Board. The assessment criteria covers areas such as board composition, information management, board processes, shareholder management, managing board's performance, effectiveness of board committees, director development and management, and risk management.

Each director completes the Board evaluation questionnaire that encumbers areas mentioned above. The completed questionnaires are submitted directly to the company secretary who will collate the responses and present to the NC. The NC will analyze the report and presents its findings to the Board. The Board will discuss the findings and agree on the appropriate actions to address the issues. The Chairman will follow up on the actions required.

After considering the results and action items from the 2017 Board evaluation report, the NC decided to use the same Board evaluation questionnaire for 2018.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6: ACCESS TO INFORMATION

In order to fulfill their responsibilities, Board members are provided with complete and timely information such as the Board papers, financial results and supporting documents pertaining to the agenda, prior to Board meetings. In addition, the Board is also furnished with relevant information at all times to enable the Board to make informed decisions to discharge their duties and responsibilities. Board members have separate and independent access to the management team and company secretaries. The Board may seek and obtain independent professional advice as and when necessary to enable it or the independent directors to discharge their responsibilities effectively at the Company's expense. Company secretaries attend all board meetings, ensuring Board procedures are complied with. Company secretaries assist the Board in the following:

(i) to ensure Board procedures are followed and compliance with the Company's Constitution, the Companies Act, the Securities and Futures Act and the SGX-ST Listing Manual;

(ii) to ensure good information flows within the Board and its board committees and between Management and non-executive directors,

(iii) to advise the Board on all governance matters; and

(iv) to facilitate orientation and assist with professional development as required.

The appointment and removal of company secretary is subject to approval of the Board.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC makes recommendation to the Board on the framework of remuneration for the directors and key executives of the Company and its subsidiaries. Separate service agreements have been established for the executive directors.

In 2018, the RC comprised three members, all of whom were independent directors. The Chairman is Mr Choh Thian Chee Irving. Other members of the RC are Mr Yam Mow Lam and Mr Gurbachan Singh.

The terms of reference of the RC include:

(a) to make recommendations to the Board on the framework of remuneration for the directors and key executives;

(b) to review remuneration packages of group employees who are immediate family members of any of the directors or substantial shareholders of the Company;

(c) to make recommendations to the Board on specific remuneration packages for each executive director and the CEO of the Company and its subsidiaries;

(d) to review all benefits and performance incentive schemes and compensation packages for the directors and key executives of the Company and its subsidiaries; and

(e) to review annual remuneration of Board and key management personnel to be disclosed in the Company's Annual Report.

Currently, the RC does not deem it necessary to seek expert advice on remuneration of all directors, as they are of the view that remuneration is in line with our industry peers.

On an annual basis, the RC reviews the Company's legal obligation in the event of termination of an executive director or key management personnel. Such contracts of service shall contain fair and reasonable termination clauses.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The RC ensures the level and structure of remuneration is aligned with the long-term interest of the Company and the Group, and is appropriate to attract, retain and motivate the directors to provide good stewardship of and to run the Company successfully. Remuneration for executive directors comprises a base salary, and performance bonus tied to the Group's and individual's performance.

The Company's remuneration framework for its key executives comprises fixed pay and short-term and long-term incentives. The Company advocates performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the country/station's and individual key executive's performance.

The Company measures the performance of executive directors and key executives based on a financial performance of each subsidiary and non-financial indicators such as quality of earning streams indicated by customer base of that subsidiary.

The RC has the discretion not to award and forfeit the incentives component of the remuneration of the executive directors or key executives, in the event that any misstatement of financial statements or misconduct resulting in financial loss to the Company.

Disclosure on Directors' Remuneration

The following table shows the composition (in percentage terms) of the remuneration of directors of the Company for the financial year ended 31 December 2018:

Directors	Remuneration band S$	Fees %	Salaries %	Provident fund %	Bonus %	Allowances/ Benefits %	Total %
Chief Executive Officer[1]	*above 500,000*	5.9%	81.3%	3.5%	6.3%	3.0%	100.0%
Executive Director[2]	*250,000 to 500,000*	9.7%	68.3%	5.0%	6.5%	10.5%	100.0%
Executive Director[3]	*250,000 to 500,000*	5.0%	76.8%	4.6%	6.4%	7.2%	100.0%
Independent Director[4]	*below 250,000*	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director[5]	*below 250,000*	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Independent Director[6]	*below 250,000*	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%

Notes:

Directors
(1) Janet LC Tan, first appointed as director on 3 March 2003 and last re-elected on 28 April 2017
(2) Tan Lay Yong Jenny, first appointed as director on 3 March 2003 and last re-elected on 27 April 2018
(3) Irene Tay Gek Lim, first appointed as director on 20 May 2004 and last re-elected on 28 April 2016
(4) Yam Mow Lam, first appointed as director on 29 July 2003 and last re-elected on 28 April 2017
(5) Choh Thian Chee Irving, first appointed as director on 29 July 2003 and last re-elected on 27 April 2018
(6) Gurbachan Singh, first appointed as director on 29 April 2016 and last re-elected on 28 April 2017

The Company has not fully disclosed the remuneration of each individual director and the CEO nor the upper limit for the highest remuneration band as the Board believes that such disclosure is not in the best interest of the Company, given the confidentiality and sensitivity nature of the remuneration matter and the highly competitive business environment the Group operates in.

CORPORATE GOVERNANCE STATEMENT

The RC recommends directors fee for non-executive directors for the Board's approval. The framework for determining the non-executive directors' fees for the financial year ended 31 December 2018 remains the same as for the previous financial year.

Disclosure on five top-earning key executives' remuneration

The bonuses for the Group's senior management were determined after taking into account the achievement of specified individual and organizational keys performance index set for FY 2018.

The table below shows the gross remuneration of the five top-earning executives for the financial year ended 31 December 2018:

Key Executives	Remuneration band S$	Salaries %	Commission/ bonus %	Defined contribution plan %	Allowances/ benefits %	Total %
Executive(1)	above 500,000	89.1%	0.0%	0.0%	10.9%	100.0%
Executive(2)	250,000 to 500,000	79.1%	20.9%	0.0%	0.0%	100.0%
Executive(3)	250,000 to 500,000	100.0%	0.0%	0.0%	0.0%	100.0%
Executive(4)	250,000 to 500,000	52.9%	6.2%	5.6%	35.3%	100.0%
Executive(5)	100,000 to 250,000	81.8%	18.2%	0.0%	0.0%	100.0%

Notes:

Key executives

(1) Zhao Xiwang; (2) Bob D. Arifin; (3) Chin Kiam Choong; (4) Goh Ah Koi; (5) Yeo Chai Ying Josephine

The Company has not disclosed the upper limit for the highest remuneration band as the Board believes that such disclosure is not in the best interest of the Company, given the confidentiality and sensitivity nature of the remuneration matter among staff and the highly competitive business environment the Group operates in. The Board is of the view that disclosure of specific information may affect the retention of competent personnel in a competitive industry where poaching of executives is prevalent.

During 2018, none of the Directors had immediate family members not disclosed above who were employees of the Company and the Group, and whose personal annual remuneration exceeded S$50,000.

PRINCIPLE 10: ACCOUNTABILITY

The management is required to provide adequate and timely information to the Board on affairs and issues that require the Board's attention.

It is the Board's responsibility to provide timely and full disclosure of material information to shareholders in compliance with statutory requirements. The Board is updated on a quarterly and yearly basis, and as and when required. The Group's quarterly and full year financial results are announced within legally prescribed periods. In communicating and disseminating the Group's consolidated financial results showing the segmental results, the Company aims to present a balanced and understandable assessment of the Group's performance, position and prospects.

The Board ensures compliance with the Listing Rule of SGX-ST. In this regard, each director has signed an undertaking in the form set out in Appendix 7.7 of the Listing Manual to comply to their best of their abilities with the Listing Rules and to use their best endeavors to procure that the Company shall so comply.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Company's internal controls structure consists of the policies and procedures established to provide reasonable assurance to safeguard the assets of the Group against material misstatement, risks or loss. The Company's internal controls extend beyond the accounting and finance function – its scope addresses the financial, operational, compliance and information technology risks.

The Company has instituted an internal control framework covering financial, operational, compliance and information technology, as well as risk management policies and systems. The framework defines the roles and responsibilities of both business and support units. The design and implementation of risk management and internal control system are managed and reviewed by senior management. Key documentation, including delegation of authority, control process and operational procedures are disseminated to staff.

In addition, the Company appoints independent audit firm during the financial year to conduct internal audit on one of its subsidiaries. The independent audit firm's scope of audit includes: (i) evaluating the adequacy and effectiveness of the subsidiary's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets; and (ii) reviewing whether the subsidiary comply with laws and regulations and adhere to established policies. The internal audit report of the independent party is submitted directly to the AC (reference also made to Principle 13: Internal Audit). The external auditors of the Company also have access to the internal audit report.

To complement our internal control process, the Company has established procedures for the staff of the Company and its subsidiaries to report possible improprieties, unethical practices, etc. in good faith and confidence without fear of reprisals or concerns (reference also made to the last paragraph on Whistle Blowing in Principle 12: Audit Committee).

The Board has overall responsibility for the governance of risk and exercises oversight of the material risks in the Group's business. The Board has approved a Group Risk Framework for the identification of key risks within the Group. This Framework defines risks ranging from environmental to operational and management decision making risks. The identification and day-to-day management of risks rest with Management. Management is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance established by the Board.

The Board has established a Risk Tolerance Framework to provide guidance to the Management on key risk parameters. The significant risks in the Group's business, including mitigating measures, are reviewed by the Board on a regular basis.

Periodic internal assessments in key areas of the Group's operations are conducted by Management to evaluate the adequacy and effectiveness of the risk management and internal control systems. The results of these assessments will be reported to the Board.

For the financial year ended 31 December 2018, the CEO and senior finance management have provided representation to the external auditors and the Board on the integrity of the financial statements and on the adequacy and effectiveness of the risk management and internal controls systems, addressing financial, operational, compliance and information technology risks of the Company.

The AC reviews the adequacy of the Company's internal financial controls, operational and compliance controls, the risk management policies and systems established by the Company. Having regard to the above, the Board, with the concurrence of the AC, is of the opinion that the internal controls, addressing the financial, operational, compliance and information technology risks of the Company, were adequate as at 31 December 2018, to meet the needs of the Group in its current business environment. This is based on the internal controls established and maintained by the Company; the regular reviews performed by management; and the work performed by the internal and external auditors.

CORPORATE GOVERNANCE STATEMENT

The internal audit and the internal controls systems put in place by management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls systems against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

PRINCIPLE 12: AUDIT COMMITTEE

In 2018, the AC comprised three members, all of whom were independent and non-executive directors. The Chairman is Mr Yam Mow Lam. Other members of the AC are Mr Choh Thian Chee Irving and Mr Gurbachan Singh. Mr Gurbachan Singh has related expertise particularly in corporate taxation which requires a fair understanding in financial matters. With their collective wealth of experience and expertise on accounting and financial management, the members of the AC are appropriately qualified to discharge their responsibilities competently. The terms of reference of the AC include:

(a) to review the financial statements and recommend to the Board for approval;

(b) to review the scope and results of the external audits and the independence and objectivity of the external auditors;

(c) to review the audit plans of the external auditors;

(d) to review the external auditors' reports;

(e) to nominate the external auditors for re-appointment;

(f) to review interested person transactions;

(g) to review financial results before announcements;

(h) to review effectiveness of the internal audit function; and

(i) to review adequacy of risk management policies and internal control systems established by the Company.

The AC also reviews the significant financial reporting issues and assessments on the integrity of the financial statements of the company and all corporate announcements.

The external auditors update the AC at its meetings on the changes to accounting standards and developments in issues with a direct impact on financial statements. In addition, the Chairman of the AC is a practicing member of the Institute of Chartered Accountants of Singapore and keeps himself abreast of the changes to accounting standards and issues. The AC meets with the external auditors without the presence of the Management, once a year. The AC will also meet with the internal auditors at least once a year.

The AC oversees the scope and results of external audit, and the independence and objectivity of the external auditors annually. For the financial year under review, the AC has reviewed all non-audit services provided by the Company's external auditors and is satisfied with their independence and objectivity. For details of fees payable to the auditors in respect of audit and non-audit services, please refer to Note 8 of the Notes to the Financial Statements on page 65 in this annual report.

The Company's external auditors, Baker Tilly TFW LLP, are registered with and regulated by the Accounting and Corporate Regulatory Authority. The AC has recommended to the Board the re-appointment of Baker Tilly TFW LLP as the Company's external auditors at the forthcoming AGM.

Having regard to the above, the Company has complied with Listing Manual Rule 712 in relation to the appointment of its external auditors.

CORPORATE GOVERNANCE STATEMENT

The Company has also complied with Listing Manual Rule 715 (1) and (2); and Rule 716 (1) and (2) with regard to the appointment of auditors for its Singapore incorporated subsidiaries and associated companies; and in the appointment of auditors for its significant foreign-incorporated subsidiaries and associated companies.

The AC has expressed authority to investigate any matter within its terms of reference. In addition, the AC has full access to Management and may invite any director or executive officer to attend its meetings to adequately discharge its investigating functions. The AC may seek co-operation from Management and full support of resources to perform its functions.

The AC has established procedures for the staff of the Company and its subsidiaries to raise any improprieties of any employee, or any improprieties in matters relating to financial or corporate affairs, or any other matters of the Company or its subsidiaries to the AC directly. These procedures are implemented to ensure that an independent investigation of such matters will be conducted, and that appropriate remedial action be taken. Details of the Whistle-blowing Policy can be found in the Staff Handbook.

None of the Company's AC members is a former partner of the Company's existing audit firm, in the last 12 months of his cessation as a partner of the auditing firm, nor does he has any financial interest in the auditing firm.

PRINCIPLE 13: INTERNAL AUDIT

The Board ensures that the management maintains a sound system of internal controls to safeguard shareholders' investments and the Group's assets.

The AC conducts annual review to assess the adequacy and appropriateness of the internal audit capabilities within the Group. The AC has discretion from time to time to outsource internal audit function to independent third parties, depending on circumstances of each situation. The internal audit function is conducted by qualified accountants with audit experience. The internal auditors conduct their duties based on internationally recognised professional bodies such as the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have unrestricted access to the Group's accounting records, documents, properties and personnel. The internal auditor has direct access and reports directly to the AC Chairman as the AC oversees the internal audit function.

The Company's internal audit function was carried out by external independent audit firms during the financial year ended 31 December 2018. During the financial year, the internal auditor conducted an audit on one of its subsidiaries. The detailed report on the summary of the internal audit findings was issued to the AC and sent directly to the Chairman of the AC. The AC reviews the adequacy and effectiveness of the internal audit function prior to the commencement of the audit. In addition, the AC also reviews the adequacy and effectiveness of the internal audit function at least once a year. The internal auditors' duties encompass reviewing the Company's material internal controls consisting of financial, operational and compliance controls as well as risk management. The internal audit reviews all areas of operations.

The AC reviews the adequacy and effectiveness of the internal audit function of the Company annually and is satisfied that the internal audit function is independent, effective and adequately resourced.

PRINCIPLE 14: SHAREHOLDERS' RIGHTS

In line with the continuing disclosure obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act, Chapter 50 of Singapore, the Company's policy is that all shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant, rules and procedures governing such meetings, for instance, how to vote, are clearly communicated.

The Company's Constitution permits a shareholder to appoint not more than two proxies to attend and vote at general meetings in his stead.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

In addition to the timely public announcements made on SGXNET, the Company maintains a website (www.asonic-aerospace.com) to bring public awareness to the Group's latest development and businesses. The public can provide feedback to the Company via the electronic mail address or the registered address. Calls and emails requesting for information are attended to promptly.

The Company discloses information timely on SGXNET and all information channels where applicable. In the event of inadvertent disclosure made to a select group, the Company will immediate make the same disclosure to all others promptly. In this regard, the Company has not encountered any inadvertent disclosure to any select group.

In 2018, the Company reported its financial results quarterly and these results were published via SGXNET. It is the policy of the Company to disclose all price-sensitive information promptly and adequately, and release all price sensitive information through SGXNET. In addition to these quarterly events, the Company also publishes the Group's major and important corporate developments via SGXNET.

During the year, the senior management team conducted briefings including roadshows, where appropriate, to keep investors apprised of the Company and the Group's corporate developments and financial performance. The aim of such engagements is to provide shareholders and investors relevant information to enable them to have a better understanding of the Company and the Group's businesses and performance.

The Company communicates with its shareholders and the investment community through the timely release of announcements to SGXNET. In addition, the Directors regularly interact directly with shareholders and investors, during the Annual General Meeting, and Extraordinary General Meetings where applicable. The Company also responds to enquiries from investors, analysts, fund managers and the press.

The Company currently does not have a fixed dividend policy. The dividend paid each year will depend on factors that include the Group's performance and business plans to achieve sustainable long term growth. For the financial year ended 2018, the Company is declaring dividend payout of 1 Singapore cent per ordinary share. In the event there is a declaration of dividends, details of dividend payment will be disclosed via the release of the announcement through SGXNET.

PRINCIPLE 16: CONDUCT OF SHAREHOLDERS MEETINGS

A copy of the Company's annual report and notice of annual general meeting ("AGM") is sent to all shareholders. To encourage more shareholder participation, the Company's AGMs are held in locations that are easily accessible to shareholders.

Pursuant to the Company's Constitution, the shareholders may appoint up to two proxies to attend and vote at all general meetings on their behalf in the event that they are unable to attend the meetings.

All resolutions at AGM are put to vote by poll. This allows greater transparency and a more equitable participation by shareholders. The results of votes by poll are announced after the AGM via SGXNET.

The external auditors and members of the AC, NC and RC are present at the AGM to address any questions raised by the shareholders.

Separate resolutions are proposed on each substantially separate issue at the AGM. Shareholders are given the opportunity to raise questions and clarify any issue before the resolutions are to be passed.

Minutes of general meetings are prepared, including comments and queries from shareholders and responses from the Board and Management. The minutes are made available for inspection upon request of the shareholders.

CORPORATE GOVERNANCE STATEMENT

SUSTAINABILITY REPORT

The Company is publishing the sustainability report for the financial year ended 31 December 2018 on its own website, www.asonic-aerospace.com. Upon hosting the publication on the website, an announcement will be made on SGXNET.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. There is no interested person transaction conducted for the financial year ended 31 December 2018.

DEALINGS IN SECURITIES

The Group has procedures in place prohibiting dealings in the shares of the Company by its officers while in possession of price sensitive information. The Company and its subsidiaries' officers are not allowed to deal in the shares of the Company during the period commencing two weeks prior to the announcement of the Company's quarterly results; and a period of one month prior to the announcement of full year results. The Company's Directors and its officers, and of its subsidiaries are prohibited from dealing with the Company's securities on short-term considerations. Directors and officers are also expected to observe insider-trading laws at all times.

SUSTAINABILITY MANAGEMENT

At A-Sonic, we believe that sustainability is the foundation of good management practices, and serves to guide us:

(i) to achieve long-term economic value for our business;

(ii) how our actions and solutions help people – our employees, customers, suppliers, and the community; and

(iii) to conduct our business ethically.

The three pillars that motivate and inspire us in our sustainability efforts are:

(i) Performance – Provide solutions to our customers and leverage on innovative technology to develop sustainable long-term economic value for our business;

(ii) People – Cultivate inclusion and holistic wellness of our staff members, their families and the community; and

(iii) Ethical Conduct – Integrity of our employees.

STAKEHOLDRERS

A-Sonic has identified the following as our stakeholders: employees, customers, suppliers, investors and community in which we operate on an on-going, pragmatic basis.

Our stakeholders provide us with valuable insights for improving our business and sustainability strategy through a range of engagement activities – including collaboration on industry initiatives, customer and supplier site visits as well as updates, supplier audits and assessment, international conference participation, employee sessions and feedbacks, annual and extraordinary general meetings with investors, and more.

Based on relative importance to sustainable development and to A-Sonic's business success, the following issues have been identified to be material for the purpose of this report.

ECONOMIC PERFORMANCE

Economic performance is defined as our most material aspect because, like most companies, our economic success enables the execution of our sustainability strategies.

Our primary role in society is to build an integrated team in diverse markets working to provide seamless aviation and logistics solutions. We currently operate in 28 cities in 16 countries, spanning four (4) continents in Asia, North Americas, Sub-Continent India, and Europe.

Climate change presents both opportunity and risk to the economic performance of our business. We aim to achieve two goals: (i) economic cost savings; and (ii) reduce our impact on the environment, hence climate change.

ETHICAL CONDUCT

Fundamental to our sustainability is to conduct our business with integrity and protect our reputation. We strive daily to earn our trust from our employees, customers and suppliers. We adopt strong measures to prevent corruption and comply with applicable laws and regulations.

The senior management of A-Sonic executives set a tone of compliance and ethical conduct from the top. A-Sonic is committed to comply with the applicable law and regulation wherever we operate.

EMPLOYEES

The value that continues to guide us as we grow A-Sonic enterprise is the corporate culture that we build together. Our culture aspires us to make lives better, and at the same time, be pragmatic, to be profitable. While we work hard, push ourselves, we must enjoy our work and have fun. We look to each and every employee to incorporate our sustainability principles into their work.

SUSTAINABILITY MANAGEMENT

Our priority is to promote from within the group as a means of engaging and retaining our people, as well as bringing valuable external experience and continuity to our business. We aim to promote from within means that we emphasize on developing our people within their current positions of greater responsibility.

We believe that the process of building a diverse workforce begins with recruiting talented people regardless of their race, religion, gender identity, nationality or age. We reward base on merits and performance.

We adopt a holistic wellness approach for our employees. Our holistic programme focuses on three critical aspects:

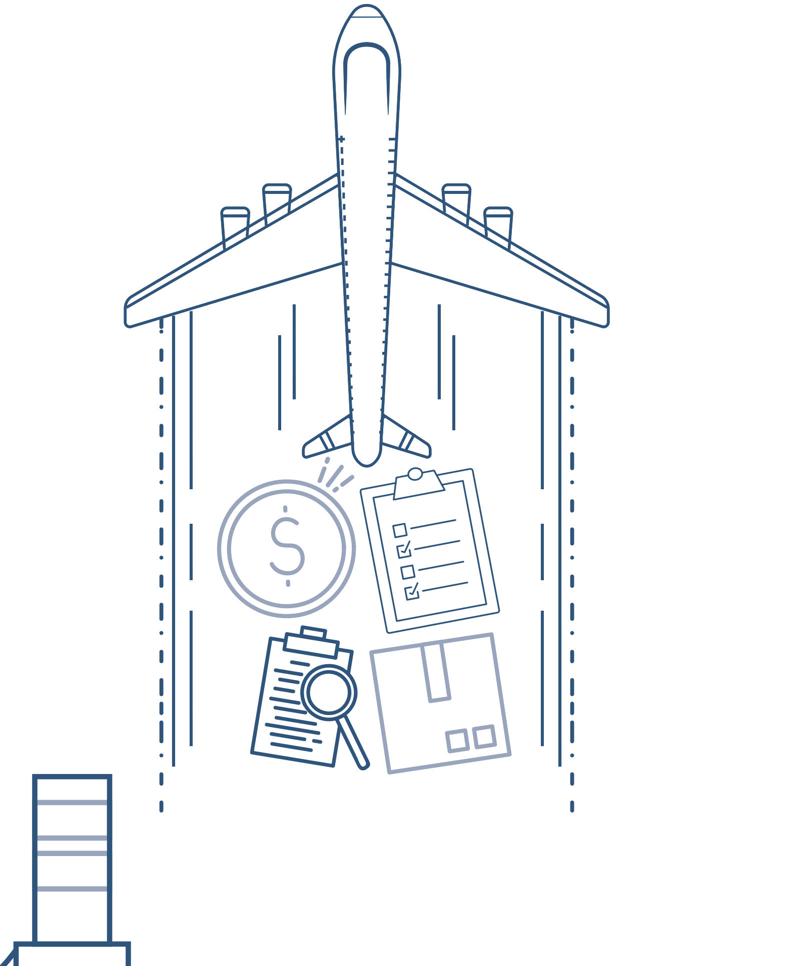
(i) physical health and safety;

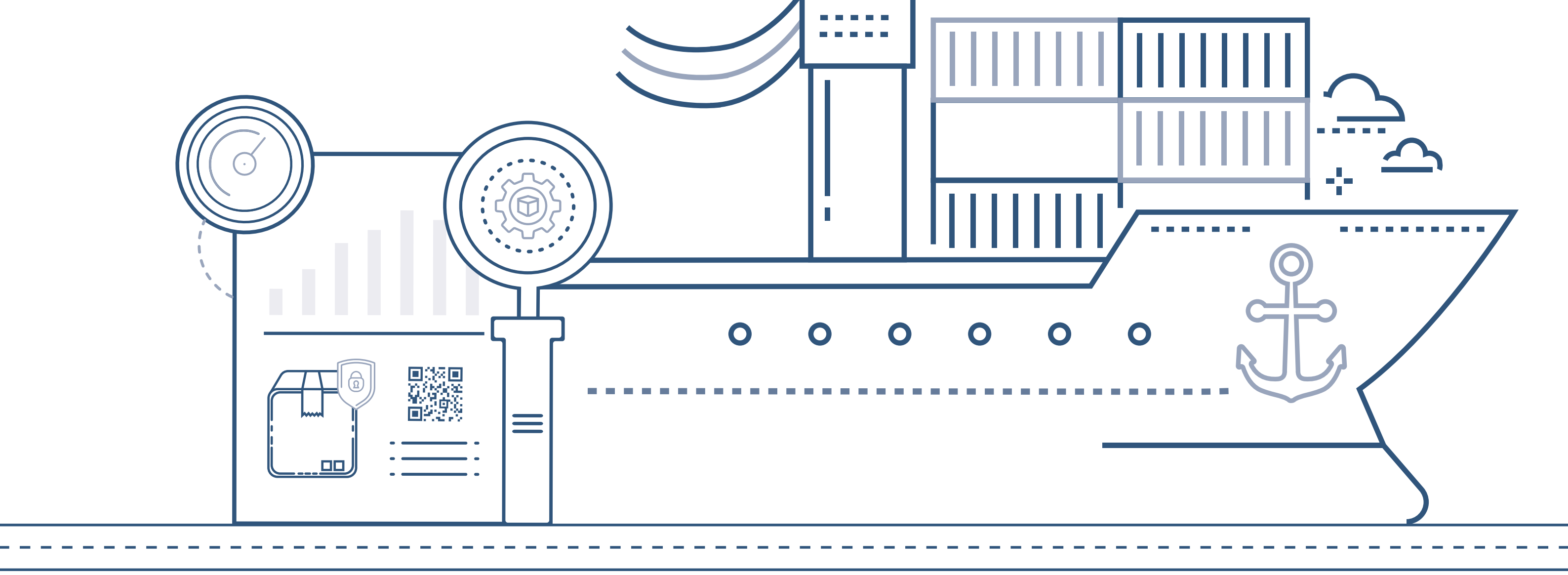
(ii) work-life balance; and

(iii) financial wellness.

We strive to recruit good people and retain them with us for the long-term. Our approach to training and development is one of shared responsibility among the company, individual employees, and their managers

For more information on A-Sonic's sustainability efforts, the full version of the Sustainability Report is available at www.asonic-aerospace.com by 31 May 2019.





FINANCIAL **CONTENTS**

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiary corporations (the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors:

i) the consolidated financial statements of the Group and the balance sheet, and statement of changes in equity of the Company as set out on pages 34 to 95 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 of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

ii) 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.

Directors

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

Janet LC Tan
Tan Lay Yong Jenny
Irene Tay Gek Lim
Yam Mow Lam
Choh Thian Chee Irving
Gurbachan Singh

Arrangement to enable directors to acquire benefits

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

DIRECTORS' STATEMENT

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Number of ordinary shares Shareholdings registered in name of director or nominee		
The Company Name of Directors	**At 1.1.2018**	**At 31.12.2018**	**At 21.01.2019**
Janet LC Tan	31,198,997	31,198,997	31,221,997
Tan Lay Yong Jenny	360,070	360,070	360,070
Irene Tay Gek Lim	482,800	482,800	482,800
Yam Mow Lam	23,750	23,750	23,750
Choh Thian Chee Irving	7,500	7,500	7,500

By virtue of Section 7(4) of the Act, the director, Janet LC Tan is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries.

Janet LC Tan, by virtue of her interest of not less than 20% of the issued share capital of the Company is deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group:

	Description of interests	**At 1.1.2018**	**At 31.12.2018**
A-Sonic Express Logistics (India) Private Limited	Ordinary shares	1,800,000	4,100,000
A-Sonic Logistics (UK) Ltd	Ordinary shares	51,000	102,000
UBI Logistics Limited	Ordinary shares	71,600	71,600
UBI (HK) International Limited	Ordinary shares	5,100	5,100
UBI Logistics (HK) Limited	Ordinary shares	5,100	5,100
UBI Logistics (Australia) Pty Ltd	Ordinary shares	38,250	38,250
UBI Logistics (China) Limited	Registered capital (Renminbi)	15,408,120	15,408,120
CALS Logistics, Inc.	Ordinary shares	255	255
Ultra Air Cargo Inc.	Ordinary shares	51	51

Share options

During the financial year, there were:

(i) no options granted by the Company and its subsidiaries to any person to take up unissued shares in the Company and its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company and its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company and its subsidiaries under option.

DIRECTORS' STATEMENT

Board's Opinion on the Adequacy of Internal Controls Addressing Financial, Operational and Compliance Risks

The Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls, addressing the financial, operational and compliance risks of the Company, were adequate as at 31 December 2018, to meet the needs of the Group in its current business environment. This is based on the internal controls established and maintained by the Group; the regular reviews performed by management; and the work performed by the internal and external auditors.

The internal audit and the internal controls systems put in place by management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations. However, the Board also notes that such assurance cannot be absolute in view of the inherent limitations of any internal audit and internal controls systems against the occurrence of human and system errors, poor judgement in decision-making, losses, fraud or other irregularities.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this statement are:

Yam Mow Lam
Choh Thian Chee Irving
Gurbachan Singh

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and the SGX Listing Manual. Their functions are detailed in the Corporate Governance Statement included in this Annual Report.

In performing its functions, the Audit Committee met with Company's independent auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Group's management to the independent auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions, if any, during the financial year (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors

JANET LC TAN
Director

TAN LAY YONG JENNY
Director

25 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of A-Sonic Aerospace Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 34 to 95, which comprise the balance sheets of the Group and of the Company as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the 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 balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") 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 and of the changes in equity of the Company 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.

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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

(Refer to Note 2(b) for accounting policy related to revenue recognition, Note 3 for critical accounting judgement related to revenue recognition and Note 4 for the disclosure related to revenue)

The Group has adopted SFRS(I) 15 for the financial year ended 31 December 2018. SFRS(I) 15 provides specific guidance on the accounting for revenue transactions which is relevant to the Group's revenue transactions.

The Group's revenue of approximately US$218.75 million for the financial year ended 31 December 2018 comprises substantially revenue from logistics segment, which includes the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services, and revenue from aviation segment, which includes sale of aircraft, aircraft engines, and aircraft components. Owing to the inherent nature of the Group's business, in particular logistics segment, which has various contractual terms across the Group's markets and services, we need to determine whether the revenue streams should be recognised at a point in time or over time and the timing of revenue recognition.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Revenue recognition (Continued)

How the matter was addressed in our audit

The key audit procedures performed by us and the component auditors include the following:

- obtained an understanding of the revenue cycle and its revenue recognition processes;
- evaluated management's assessment of the application of SFRS(I) 15, in particular the 5-step approach for each revenue stream. In particular, we evaluated management's assessment of revenue recognition at a point in time and over time;
- evaluated the design of key internal controls over the revenue cycle and tested the operating effectiveness of selected key internal controls;
- reviewed the contractual terms of the different types of revenue to assess the timing of revenue recognition;
- carried out substantive procedures, including test of details on a sample basis to determine whether revenue was appropriately recognised in accordance with contracts and that the performance obligation was satisfied for transactions close to year end; and
- assessed the adequacy of the Group's disclosures in respect of revenue and the adoption of the new accounting standard.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (Continued)

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), 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF A-SONIC AEROSPACE LIMITED

Report on the Audit of the Financial Statements (Continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations 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 Ms Tiang Yii.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 US$'000	2017 US$'000
Revenue			
Turnover	4	**218,751**	207,152
Other income:			
– Interest income			
– bank deposits		**253**	133
– third parties		**1**	1
– associated companies		**6**	11
– Others	5	**620**	829
Expenses			
Changes in inventories		**(1,735)**	(990)
Purchases of goods and consumables used		**(3,560)**	(32)
Freight charges		**(188,592)**	(183,771)
Staff costs	6	**(18,004)**	(17,282)
Depreciation of property, plant and equipment	11	**(754)**	(812)
Finance costs	7	**(238)**	(214)
Other operating expenses		**(6,983)**	(7,263)
Share of results of associated companies		**1,047**	331
Profit/(loss) before tax	8	**812**	(1,907)
Taxation	9	**(182)**	(216)
Profit/(loss) for the year		**630**	(2,123)
Profit/(loss) attributable to:			
Equity holders of the Company		**1,481**	(1,221)
Non-controlling interests		**(851)**	(902)
Profit/(loss) for the year		**630**	(2,123)
Profit/(loss) per share attributable to equity holders of the Company (cents per share)			
Basic	10	**2.53**	(2.09)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	US$'000	US$'000
Profit/(loss) for the year	**630**	(2,123)
Other comprehensive income/(loss):		
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation differences arising on consolidation	**9**	708
	9	708
Total comprehensive income/(loss) for the year	**639**	(1,415)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**1,337**	(521)
Non-controlling interests	**(698)**	(894)
Total comprehensive income/(loss) for the year	**639**	(1,415)

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

BALANCE SHEETS
AT 31 DECEMBER 2018

		Group			Company		
		31.12.2018	31.12.2017	1.1.2017	**31.12.2018**	31.12.2017	1.1.2017
	Note	**US$'000**	US$'000	US$'000	**US$'000**	US$'000	US$'000
Non-current assets							
Property, plant and equipment	11	**5,849**	6,118	6,258	**–**	–	–
Investments in subsidiaries	12	**–**	–	–	**14,663**	14,663	14,663
Investments in associated companies	13	**1,527**	752	416	**–**	–	–
Fair value through other comprehensive income	14	**98**	–	–	**–**	–	–
Available for sale financial asset		**–**	3	–	**–**	–	–
Deferred tax assets	15	**277**	336	275	**–**	–	–
		7,751	7,209	6,949	**14,663**	14,663	14,663
Current assets							
Inventories		**1,537**	3,272	4,262	**–**	–	–
Trade and other receivables	16	**39,536**	40,365	34,672	**6**	5	7
Due from subsidiaries	17	**–**	–	–	**2,362**	247	10
Due from associated companies	18	**258**	600	436	**–**	–	–
Tax recoverable		**39**	18	2	**–**	–	–
Cash and cash equivalents	19	**24,473**	23,782	18,354	**11,278**	7,545	6,225
		65,843	68,037	57,726	**13,646**	7,797	6,242
Total assets		**73,594**	75,246	64,675	**28,309**	22,460	20,905
Non-current liabilities							
Finance lease liabilities	20	**578**	952	1,291	**–**	–	–
Current liabilities							
Trade and other payables	21	**43,420**	45,237	33,973	**278**	220	192
Due to subsidiaries	17	**–**	–	–	**6,194**	1,493	1,000
Bank borrowings	22	**4,174**	4,298	3,161	**2,250**	1,975	968
Provisions for liabilities	23	**265**	270	579	**–**	–	–
Finance lease liabilities	20	**659**	607	516	**–**	–	–
Tax payable		**185**	248	122	**48**	–	–
		48,703	50,660	38,351	**8,770**	3,688	2,160
Total liabilities		**49,281**	51,612	39,642	**8,770**	3,688	2,160
Net assets		**24,313**	23,634	25,033	**19,539**	18,772	18,745
Equity							
Share capital	24	**51,758**	51,758	51,758	**51,758**	51,758	51,758
Accumulated losses		**(16,519)**	(18,021)	(16,820)	**(32,219)**	(32,986)	(33,013)
Foreign currency translation reserve		**(7,563)**	(7,419)	(8,119)	**–**	–	–
Equity attributable to equity holders of the Company		**27,676**	26,318	26,819	**19,539**	18,772	18,745
Non-controlling interests		**(3,363)**	(2,684)	(1,786)	**–**	–	–
Total equity		**24,313**	23,634	25,033	**19,539**	18,772	18,745

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Share capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2018	51,758	(18,021)	(7,419)	26,318	(2,684)	23,634
Profit/(loss) for the year	–	1,481	–	1,481	(851)	630
Other comprehensive income						
Currency translation differences on consolidation	–	–	(144)	(144)	153	9
Total comprehensive (loss)/income for the year	–	1,481	(144)	1,337	(698)	639
Transaction with owner recorded directly in equity						
Write back of unclaimed dividend	–	1	–	1	–	1
Change in ownership interest in subsidiaries						
Acquisition of interest in subsidiary without change in control	–	20	–	20	19	39
At 31 December 2018	**51,758**	**(16,519)**	**(7,563)**	**27,676**	**(3,363)**	**24,313**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Share capital US$'000	Accumulated losses US$'000	Foreign currency translation reserve US$'000	Equity attributable to equity holders of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2017	51,758	(16,820)	(8,119)	26,819	(1,786)	25,033
Loss for the year	–	(1,221)	–	(1,221)	(902)	(2,123)
Other comprehensive income						
Currency translation differences on consolidation	–	–	700	700	8	708
Total comprehensive (loss)/income for the year	–	(1,221)	700	(521)	(894)	(1,415)
Change in ownership interest in subsidiaries						
Acquisition of interest in subsidiary without change in control	–	20	–	20	(65)	(45)
Incorporation of subsidiary	–	–	–	–	61	61
	–	20	–	20	(4)	16
At 31 December 2017	51,758	(18,021)	(7,419)	26,318	(2,684)	23,634

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	**Share capital US$'000**	**Accumulated losses US$'000**	**Total US$'000**
At 1 January 2018	51,758	(32,986)	18,772
Profit and total comprehensive income for the year	–	766	766
Transaction with owners recorded directly in equity			
Write back of unclaimed dividend	–	1	1
At 31 December 2018	**51,758**	**(32,219)**	**19,539**
At 1 January 2017	51,758	(33,013)	18,745
Profit and total comprehensive income for the year	–	27	27
At 31 December 2017	51,758	(32,986)	18,772

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group	
		2018	2017
		US$'000	US$'000
Cash flows from operating activities			
Profit/(loss) before tax		**812**	(1,907)
Adjustments for:			
Impairment allowance for trade receivables written back		**(11)**	(37)
Impairment allowance for non-trade receivables written back		**–**	(113)
Interest income		**(260)**	(145)
Gain on disposal of property, plant and equipment		**(8)**	(25)
Provision for liabilities written back		**(5)**	(318)
Impairment allowance for non-trade receivables		**113**	133
Impairment allowance for trade receivables		**362**	1,076
Bad non-trade receivables written off		**–**	35
Depreciation of property, plant and equipment		**754**	812
Interest expenses		**238**	214
Provision for liabilities		**–**	65
Share of results of associated companies		**(1,047)**	(331)
Operating cash flow before working capital changes		**948**	(541)
Inventories		**1,735**	990
Receivables		**708**	(6,949)
Payables		**(1,817)**	11,205
Effect of foreign exchange rate changes		**400**	413
Cash generated from operations		**1,974**	5,118
Income tax paid		**(230)**	(159)
Net cash generated from operating activities		**1,744**	4,959
Cash flows from investing activities			
Acquisition of non-controlling interest		**–**	(45)
Proceeds from disposal of property, plant and equipment		**11**	90
Interest received		**260**	145
Restricted deposits		**262**	(312)
Purchase of property, plant and equipment	A	**(297)**	(375)
Investment in unquoted shares		**(95)**	–
Dividend received from an associated company		**246**	#
Net cash generated from/(used in) investing activities		**387**	(497)

#: Represents amount less than US$1,000.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	US$'000	US$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**322**	1,939
Contribution from non-controlling interest for incorporation of subsidiary	**67**	61
Repayment of bank borrowings	**(350)**	(991)
Repayment of finance lease liabilities	**(616)**	(575)
Dividend unclaimed by shareholders	**1**	–
Interest paid	**(238)**	(214)
Net cash (used in)/generated from financing activities	**(814)**	220
Net increase in cash and cash equivalents	**1,317**	4,682
Cash and cash equivalents at beginning of financial year	**23,315**	18,199
Effect of foreign exchange rate changes	**(364)**	434
Cash and cash equivalents at end of financial year	**24,268**	23,315

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

Cash and cash equivalents:		
– Bank and cash balances	**23,518**	23,528
– Fixed deposits	**955**	254
	24,473	23,782
Less: Fixed deposits restricted for use	**(205)**	(467)
Cash and cash equivalents per consolidated statement of cash flows	**24,268**	23,315

Note A

The Group acquired property, plant and equipment with an aggregate cost of US$558,000 (2017: US$504,000) of which US$261,000 (2017: US$129,000) was financed by means of finance lease.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1 CORPORATE INFORMATION

The Company (Co. Reg. No. 200301838G) is incorporated and domiciled in Singapore. The address of its registered office is at 10 Anson Road, #24-07 International Plaza, Singapore 079903.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12.

There have been no significant changes in the nature of these activities during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are presented in United States dollar ("US$") and are rounded to the nearest thousand (US$'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Use of estimates and judgements

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

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

New and revised standards

Convergence with International Financial Reporting Standards (IFRS)

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 January 2018.These financial statements for the year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

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

Under SFRS(I), 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.

The Group has also presented statement of financial position as at 1 January 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements.

SFRS(I)

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application and transition to SFRS(I) did not have any significant impact on these financial statements and statements of financial position of the Group and the Company as at 31 December 2017 and 1 January 2017.

SFRS(I) 15 Revenue from Contracts with Customers

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

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

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

New and revised standards (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

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

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

SFRS(I) 9 Financial Instruments

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

On 1 January 2018, the Group adopted SFRS(I) 9 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of application. The impact arising from SFRS(I) 9 adoption was included in the opening accumulated losses at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

The nature of the adjustments from the adoption of SFRS(I) 9 are described below:

(a) Classification and measurement

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

Loans and receivables (including trade and other receivables (excluding prepayments)) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Group has not designated any financial liabilities at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (Continued)

New and revised standards (Continued)

SFRS(I) 9 Financial Instruments (Continued)

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets at amortised cost either on a 12-month or lifetime basis.

At the date of initial application and 31 December 2018, the Group has assessed that the adoption of SFRS(I) 9 does not have any material impact to the financial position and results of the Group.

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

SFRS(I) 16 Leases

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

The Group will adopt the new standard on the required effective date. The changes arising from the adoption of SFRS(I) 16 will be applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and will not restate comparative information in the year of application. The impact arising from SFRS(I) 16 adoption will be included in the opening accumulated losses at the date of initial application, 1 January 2019. Right-of-use assets that are property leases will be measured on transition as if the standard had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. All other leases are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of US$1,317,000 (Note 26). The Group expects to recognise the above right-of-use assets and lease liabilities on 1 January 2019. The Group is in the process of performing a detailed assessment of the impact.

b) Revenue recognition

The change from risk-and-reward approach to the contract-by-contract transfer-of-control approach does not materially affect the point in time when revenue is recognised under the Group's current contract terms, business practice and accounting policy.

The adoption of SFRS(I) 15 does not have a significant impact on when the Group recognises revenue from the provision of services and this change in accounting policy has no material impact at the date of initial application and for the financial year ended 31 December 2018.

The accounting policy for revenue recognition from 1 January 2018 onwards are as follows:

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Details of the Group's revenue recognition policies are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Revenue recognition (Continued)

i) *Sale of goods*

Revenue is recognised when control over a product is transferred to the customer as dictated by the contractual terms which generally coincides with delivery of goods. Revenue from these sales is recognised based on the price specified in the contract. If the products are a partial fulfilment of a contract covering other goods, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods promised under the contract on a relative stand-alone selling price basis. A receivable is recognised when the goods are delivered as this is the point in time when the consideration is unconditional because only the passage of time is required before the payment is due.

ii) *Rendering of services*

Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services

Revenue comprises air and sea freight, transportation, custom clearance, documentation, cartage, handling and transfers and delivery of goods. These services are recognised at a point in time when control over the goods to be shipped/delivered is transferred to the customer and the timing of which is determined by the delivery and shipping contractual terms and International Commercial Terms. The performance obligation is measured at a point in time once the service has been completed upon transfer or delivery of goods as the performance obligation has been met. The Group will bill customer when the service has been performed and the customer is required to pay within 30 to 90 days from the invoice date.

Other services

Revenue from other services comprises projects for delivery services and management of operations and is recognised on a monthly basis when the services are rendered and billed in accordance with contractual terms and on satisfaction of the various performance obligations.

iii) *Interest income*

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

iv) *Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

v) *Management fee income*

Management fee income is recognised when services are rendered.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Basis of consolidation

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

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

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

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

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Basis of consolidation (Continued)

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

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

e) Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profits or losses and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Associated companies (Continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associated company of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the asset transferred.

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

If the Group's ownership interest in an associated company is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's financial statements, investments in associated companies are carried at cost less accumulated impairment loss. On disposal of investment in associated companies, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

f) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

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

On disposal of a subsidiary or an associated company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associated companies is described in Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Property, plant and equipment

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

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

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

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

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

The Group in the course of its ordinary activities, routinely sells items of property, plant and equipment that it holds for rental. Such assets are transferred to inventories at their carrying amount when they cease to be held for rental and become held for sales. The proceeds from the sale of such assets shall be recognised as revenue.

Depreciation

No depreciation is provided on freehold land.

Depreciation is calculated on a straight-line basis to allocate the depreciable amounts of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Aircraft components	1-5
Building on freehold land	20-30
Leasehold office units	50
Electrical equipment, tools and machinery	5
Computer equipment	1-5
Furniture, fixtures and fittings	3-5
Motor vehicles	3-10

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Impairment of non-financial assets excluding goodwill

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

i) Inventories

Inventories comprising aircraft and aircraft engines are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

j) Leases

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment in which the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Leases (Continued)

When a Group entity is the lessee: (Continued)

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

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

k) Income taxes

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

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

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial assets

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

Classification

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are loans and receivables and available-for-sale financial asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as trade and other receivables (excluding prepayments and deferred costs), due from subsidiaries, due from associated companies, and cash and cash equivalents on the balance sheet, except for non-current interest-free receivable from a subsidiary which have been considered to be part of the Company's net investment in the subsidiary and accounted for in accordance with Note 2(c).

Recognition and derecognition

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

Initial and subsequent measurement

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

Impairment

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial assets (Continued)

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

Impairment (Continued)

Loans and receivables

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

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are recognised against the same line item in profit or loss.

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

Financial assets, available-for-sale

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

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

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial assets (Continued)

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

Classification and measurement

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

The Group classifies its financial assets in the following measurement categories:
- Amortised cost
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

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

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

Subsequent measurement

Debt instruments

Debt instruments for the Group include cash and bank balances, trade receivables, other receivables (excluding prepayments) and due from associated companies.

Amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial assets (Continued)

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

Subsequent measurement (Continued)

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income". For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

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

Impairment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial assets (Continued)

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

Impairment (Continued)

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

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

Offset

Financial assets and liabilities are offset and the net amount presented on the balance sheet when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

m) Financial liabilities

Financial liabilities include trade and other payables (excluding deferred income and accrual for unutilised leave), due to subsidiaries, bank borrowings, finance lease liabilities, financial guarantee contracts and loan commitments. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

n) Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Provisions for other liabilities

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

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

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (Note 2(g)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

p) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Foreign currencies

Functional and presentation currency

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

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

Translation of Group entities' financial statements

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

(a) Assets and liabilities are translated at the closing rates at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005, are treated as assets and liabilities of the foreign operation and translated at the closing rate. On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associated companies that are foreign operations, the proportionate share of the cumulative exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

s) Share capital

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

t) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise bank and cash balances and fixed deposits that form an integral part of the Group's cash management and which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

v) Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group and the Company; 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 and the Company.

Contingent liabilities and assets are not recognised on the balance sheets of the Group and the Company.

w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations disclosed below):

Revenue recognition

The Group's revenue comprises revenue from logistics segment, which includes the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services, and revenue from aviation segment, which includes sale of aircraft, aircraft engines, and aircraft components. Owing to the inherent nature of the Group's business, in particular logistics segment, which has various contractual terms across the Group's markets and services, significant judgement is required to determine whether revenue should be recognised at a point in time or over time and the timing of revenue recognition. Management has to consider, among others, the delivery and shipping contractual terms and International Commercial Terms when deciding how the performance obligations have been satisfied and the timing of revenue recognition. Management also took into account the diversity and the voluminous population of the individual sales transactions. In addressing the above matters, Management concluded that revenue from logistics services from freight which is the main revenue stream of the Group, should be recognised at the point in time when the goods have been transferred/delivered in accordance with the contractual terms of the transactions as the performance obligation would then have been satisfied.

Revenue recognised in profit or loss is disclosed in Note 4.

Key sources of estimation uncertainty

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

Impairment of non-current assets

The Group and the Company assess whether there are any indicators of impairment for all non-current assets at each reporting date. Non-current assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit, expected growth rates and a suitable discount rate, in order to determine the present value of those cash flows.

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the cash-generating unit to exceed its recoverable amount. The carrying amounts of significant non-current assets are property, plant and equipment in the Group (Note 11) and investments in subsidiaries in the Company (Note 12) and investment in associated companies (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

Key sources of estimation uncertainty (Continued)

Valuation of inventories

Inventories are stated at the lower of cost and net realisable value. Where necessary, write-down is made to adjust the carrying value of inventories to the lower of cost or net realisable value. Due to the specialised nature of the inventories and the niche market that the Group operates in, market price information is not easily available. Accordingly, significant management judgement is required to determine the net realisable value. The carrying amount of inventories at the balance sheet date was US$1,537,000 (2017: US$3,272,000).

Calculation of loss allowance

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

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Note 29 (b).

4 TURNOVER

The principal activities of the Group are (i) sale of aircraft, aircraft engines, and aircraft components, (ii) provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services.

Turnover represents income from the sale of aircraft, aircraft engines, and aircraft components; and the provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services.

	Group	
	2018	2017
	US$'000	US$'000
Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services	**210,991**	205,990
Sales of goods	**7,760**	1,162
	218,751	207,152

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 TURNOVER (CONTINUED)

	Group	
Timing of revenue recognition	**2018 US$'000**	2017 US$'000
At a point in time		
– Provision of logistic solutions, including international and domestic multi-modal transportation, warehousing, distribution, custom clearance, and airport ground services	**201,046**	197,526
– Sales of goods	**7,760**	1,162
Over time		
– Provision of other services	**9,945**	8,464
	218,751	207,152

5 OTHER INCOME

	Group	
	2018 US$'000	2017 US$'000
Impairment allowance for trade receivables written back (Note 16a)	**11**	37
Impairment allowance for non-trade receivables written back		
– third parties (Note 16b)	**–**	3
– associated companies (Note 18)	**–**	110
Late payment fee	**70**	–
Gain on disposal of property, plant and equipment	**8**	25
Government grants	**146**	89
Management and administrative fees		
– associated companies	**25**	7
Bad debts recovered	**35**	21
Other miscellaneous income	**293**	219
Provision for liabilities written back (Note 23)	**5**	318
Insurance claimed received	**27**	–
	620	829

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 STAFF COSTS

	Group	
	2018	2017
	US$'000	US$'000
Key management personnel		
Directors of the Company:		
– Remuneration and related costs	**972**	951
– Fees	**127**	127
– Defined contribution plan	**46**	47
Other key management personnel:		
– Remuneration and related costs	**485**	513
Other staff:		
– Remuneration and related costs	**15,028**	14,355
– Defined contribution plan	**1,346**	1,289
	18,004	17,282

7 FINANCE COSTS

	Group	
	2018	2017
	US$'000	US$'000
Interest on bank borrowings	**238**	214

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is determined after charging/(crediting) the following:

	Group	
	2018	2017
	US$'000	US$'000
Auditors' remuneration		
– Auditor of the Company		
– current year	**76**	73
– over provision in prior year	**(9)**	(15)
– Other auditors *	**(7)**	–
Fees for non-audit services paid to:		
– Auditors of the Company	**14**	14
– Other auditors	**13**	2
Impairment allowance for trade receivables – third parties (Note 16a)	**362**	1,076
Impairment allowance for non-trade receivables		
– Third parties (Note 16b)	**102**	114
– Associated companies (Note 18)	**11**	19
Bad trade receivables written off	**58**	–
Bad non-trade receivables written off	**–**	35
Cost of inventories recognised as an expense	**5,295**	1,022
Foreign currency exchange loss	**541**	487
Provisions for liabilities (Note 23)	**–**	65

* Includes independent member firms of the Baker Tilly International network.

9 TAXATION

	Group	
	2018	2017
	US$'000	US$'000
Tax expense attributable to loss is made up of:		
Current financial year		
– tax expense	**140**	152
– foreign tax	**9**	(3)
– deferred tax (Note 15)	**(1)**	(57)
	148	92
Prior financial years		
– under provision of tax expense	**3**	106
– under provision of deferred tax (Note 15)	**31**	18
	182	216

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 TAXATION (CONTINUED)

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rates applicable to profit/(loss) before tax due to the following factors:

	Group	
	2018	2017
	US$'000	US$'000
Profit/(loss) before tax	**812**	(1,907)
Tax calculated at a tax rate of 17%	**138**	(324)
Effect of different tax rates in other countries	**(159)**	44
Expenses not deductible for tax purposes	**270**	274
Income not subject to tax	**(181)**	(80)
Deferred tax assets not recognised	**173**	232
Under provision of tax expense in prior financial years	**3**	106
Under provision of deferred tax in prior financial years	**31**	18
Others	**(93)**	(54)
	182	216

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018	2017
	US$'000	US$'000
Tax losses and capital allowances carry forward	**3,748**	3,576
Impairment allowance for trade receivables and finance lease receivables	**1,092**	1,092
	4,840	4,668

At 31 December 2018, the Group and the Company had unutilised tax losses and unabsorbed capital allowances as follows:

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Unutilised tax losses	**21,316**	20,003	**–**	198
Unutilised capital allowances	**736**	1,031	**–**	–

These potential tax benefits are available for carry-forward indefinitely to set-off against future taxable income, subject to compliance with relevant provisions of the tax legislation of the respective countries in which the Group operates. The potential deferred tax assets arising from these unutilised losses and unabsorbed capital allowances have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow the related tax benefits to be realised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 PROFIT/(LOSS) PER SHARE

	Group 2018	Group 2017
Profit/(Loss) after tax attributable to equity holders of the Company (US$'000)	**1,481**	(1,221)
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**58,479**	58,479
Basic profit/(loss) per share (US cents)	**2.53**	(2.09)

Basic profit/(loss) per share is calculated by dividing profit/(loss) net of tax attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

11 PROPERTY, PLANT AND EQUIPMENT

	Aircraft components US$'000	Freehold land US$'000	Building on freehold land US$'000	Leasehold office units US$'000	Electrical equipment, tools & machinery US$'000	Computer equipment US$'000	Furniture, fixtures & fittings US$'000	Motor vehicles US$'000	Total US$'000
Group									
2018									
Cost									
At 1.1.2018	–	926	1,160	2,295	121	1,915	2,001	6,293	14,711
Additions	–	–	–	–	20	126	46	366	558
Disposals	–	–	–	–	–	(23)	(5)	(34)	(62)
Exchange difference	–	–	–	(32)	(1)	(55)	(69)	(132)	(289)
At 31.12.2018	**–**	**926**	**1,160**	**2,263**	**140**	**1,963**	**1,973**	**6,493**	**14,918**
Accumulated depreciation and impairment losses									
At 1.1.2018	–	–	248	1,022	113	1,709	1,858	3,643	8,593
Depreciation charge	–	–	43	61	15	109	61	465	754
Disposals	–	–	–	–	–	(23)	(5)	(31)	(59)
Exchange difference	–	–	–	(26)	–	(49)	(65)	(79)	(219)
At 31.12.2018	**–**	**–**	**291**	**1,057**	**128**	**1,746**	**1,849**	**3,998**	**9,069**
Net carrying value									
At 31.12.2018	**–**	**926**	**869**	**1,206**	**12**	**217**	**124**	**2,495**	**5,849**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Aircraft components US$'000	Freehold land US$'000	Building on freehold land US$'000	Leasehold office units US$'000	Electrical equipment, tools & machinery US$'000	Computer equipment US$'000	Furniture, fixtures & fittings US$'000	Motor vehicles US$'000	Total US$'000
Group									
2017									
Cost									
At 1.1.2017	27	926	1,160	2,256	118	1,939	1,784	5,784	13,994
Additions	–	–	–	–	1	209	133	161	504
Disposals	–	–	–	–	–	(311)	(10)	(95)	(416)
Transfer to inventories	(14)	–	–	–	–	(2)	–	–	(16)
Written off	(13)	–	–	–	–	–	–	–	(13)
Exchange difference	–	–	–	39	2	80	94	443	658
At 31.12.2017	–	926	1,160	2,295	121	1,915	2,001	6,293	14,711
Accumulated depreciation and impairment losses									
At 1.1.2017	25	–	207	932	103	1,843	1,640	2,986	7,736
Depreciation charge	2	–	41	61	9	106	143	450	812
Disposals	–	–	–	–	–	(309)	(10)	(32)	(351)
Transfer to inventories	(14)	–	–	–	–	(2)	–	–	(16)
Written off	(13)	–	–	–	–	–	–	–	(13)
Exchange difference	–	–	–	29	1	71	85	239	425
At 31.12.2017	–	–	248	1,022	113	1,709	1,858	3,643	8,593
Net carrying value									
At 31.12.2017	–	926	912	1,273	8	206	143	2,650	6,118

At the balance sheet date, the net carrying value of motor vehicles of the Group acquired under finance lease agreements amounted to US$2,198,000 (2017: US$2,202,000) (Note 20).

Bank borrowings are secured by the leasehold properties of the Group with a net carrying value of US$1,101,000 (2017: US$1,134,000) (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	2017
	US$'000	US$'000
Unquoted equity shares, at cost	**10,000**	10,000
Amount due from subsidiary	**4,663**	4,663
	14,663	14,663

The amount due from subsidiary is interest-free and has no repayment terms. Management determined that the amount due from subsidiary is quasi-equity in nature and is therefore included in investments in subsidiaries.

a) Details of subsidiaries:

Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2018	Group's effective equity holding 2017
			%	%
Held by the Company				
* A-Sonic Aviation Solutions Pte. Ltd.	Providing retrofit solutions and the supply of aircraft systems and/or aerospace components	Singapore	**100**	100
* A-Sonic Logistic Solutions Pte. Ltd.	Investment holding company	Singapore	**100**	100
Held by A-Sonic Aviation Solutions Pte. Ltd.				
* SWIFT AirCargo Private Limited	Aircraft ownership and lease/sales of aircraft and aircraft engines	Singapore	**100**	100
Held by A-Sonic Logistic Solutions Pte. Ltd.				
* Airocean Group Pte. Ltd.	Investment holding and logistics related activities	Singapore	**100**	100
* A-Sonic SCM Private Limited	Investment holding and logistics related activities	Singapore	**100**	100
Held by Airocean Group Pte. Ltd.				
* A-Sonic Cargoplus Private Limited	Transportation and airport ground services	Singapore	**100**	100
Held by A-Sonic SCM Private Limited				
* A-Sonic Logistics Pte. Ltd.	Logistics	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

a) Details of subsidiaries (Continued):

Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2018	2017
			%	%
Held by A-Sonic Logistics Pte. Ltd.				
# A-Sonic Logistics (Korea) Co., Ltd	Logistics	Korea	**100**	100
** A-Sonic Cargoplus (Malaysia) Sdn. Bhd.	Logistics	Malaysia	**100**	100
*** Express Customs Clearance (USA), Inc.	Customs clearance	USA	**100**	100
# A-Sonic Logistics (Netherlands) B.V.	Logistics	Netherlands	**100**	100
# A-Sonic Logistics (Australia) Pty Ltd	Logistics	Australia	**100**	100
*** A-Sonic Logistics (Vietnam) Company Limited	Logistics	Vietnam	**100**	100
*** A-Sonic Express Logistics (India) Private Limited	Logistics	India	**90**	80
** A-Sonic Logistics (Malaysia) Sdn. Bhd.	Logistics	Malaysia	**100**	100
** A-Sonic Logistics (H.K.) Limited	Logistics	Hong Kong S.A.R, The People's Republic of China ("PRC")	**100**	100
** A-Sonic Marine (H.K.) Limited	Logistics	Hong Kong S.A.R, PRC	**100**	100
*** A-Sonic Logistics (USA) , Inc.	Logistics	USA	**100**	100
# A-Sonic Logistics (R.O.C) Co. Ltd	Logistics	Republic of China	**100**	100
# A-Sonic Logistics (UK) Ltd	Logistics	United Kingdom	**51**	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

a) Details of subsidiaries (Continued):

Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2018	2017
			%	%
Held by A-Sonic Logistics (H.K.) Limited				
** UBI Logistics Limited	Investment holding company	Hong Kong S.A.R, PRC	**72**	72
*** A-Sonic Logistics (China) Company Ltd	Logistics	PRC	**100**	100
Held by UBI Logistics Limited				
** UBI Logistics (China) Limited	Freight forwarding	PRC	**51**	51
*** UBI (HK) International Limited	Investment holding company	Hong Kong S.A.R, PRC	**51**	51
Held by UBI (HK) International Limited				
*** UBI Logistics (HK) Limited	Logistics	Hong Kong S.A.R, PRC	**51**	51
*** UBI Logistics (Australia) Pty Ltd[(1)]	Logistics	Australia	**38**	38
# CALS Logistics, Inc.	Logistics	Canada	**51**	51
# Ultra Air Cargo, Inc.	Logistics	USA	**51**	51

Notes:

(1) The Group's subsidiary, UBI (HK) International Limited has a direct interest of 75% equity interest in UBI Logistics (Australia) Pty Ltd and management considers it a subsidiary as the Group has effective control over it.

Not required to be audited for the financial year ended 31 December 2018 by law of country of incorporation.

* Audited by Baker Tilly TFW LLP.

** Audited by member firms of Baker Tilly International in their respective countries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

a) Details of subsidiaries (Continued):

Notes: (Continued)

*** Audited by other professional firms as follows:

Name of subsidiary	Name of auditors
Express Customs Clearance (USA), Inc.	Miu & Co.
A-Sonic Logistics (Vietnam) Company Limited	U & I Auditing Company Limited
A-Sonic Express Logistics (India) Private Limited	Kedia Goel & Co.
A-Sonic Logistics (USA), Inc.	Marks Paneth & Shron LLP
A-Sonic Logistics (China) Company Ltd	Shanghai Victor Voyage Certified Public Accountants Co., Ltd
UBI (HK) International Limited	Vision A.S. Limited, CPA
UBI Logistics (HK) Limited	Vision A.S. Limited, CPA
UBI Logistics (Australia) Pty Ltd	W.L. Browne & Associates

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/country of incorporation	Effective ownership interest held by NCI 2018	2017
		%	%
UBI Logistics (China) Limited	PRC	**49**	49
UBI Logistics (Australia) Pty Ltd	Australia	**62**	62
UBI Logistics (HK) Limited	Hong Kong S.A.R, PRC	**49**	49

The following are the summarised financial information of each of the Group's subsidiaries with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (Continued)

Summarised Balance Sheets

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2018	2017	**2018**	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Non-current assets	**342**	434	**287**	323	**5**	7
Current assets	**33,059**	35,058	**2,064**	6,390	**9,347**	6,574
Non-current liabilities	**–**	–	**–**	–	**–**	–
Current liabilities	**(32,331)**	(33,814)	**(3,564)**	(8,018)	**(11,821)**	(9,041)
Net assets/(liabilities)	**1,069**	1,678	**(1,213)**	(1,305)	**(2,469)**	(2,460)
Net assets(liabilities) attributable to NCI	**524**	822	**(752)**	(809)	**(1,210)**	(1,205)

Summarised Income Statements

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2018	2017	**2018**	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000
Revenue	**123,766**	114,224	**14,162**	28,694	**20,692**	10,867
Profit/(loss) before tax	**(1,497)**	(558)	**16**	(322)	**(141)**	(982)
Income tax (expense)/refund	**–**	(48)	**(11)**	87	**–**	–
Profit/(loss) after tax from continuing operations	**(1,497)**	(606)	**4**	(235)	**(141)**	(982)
Total comprehensive (loss)/income	**(1,497)**	(606)	**4**	(235)	**(141)**	(982)
(Loss)/profit allocated to NCI	**(733)**	(297)	**3**	(145)	**(69)**	(481)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

b) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (Continued)

Summarised Cash Flows

	UBI Logistics (China) Limited		UBI Logistics (Australia) Pty Ltd		UBI Logistics (HK) Limited	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000
Cash flows (used in)/from operating activities	**(3,684)**	1,654	**(2,078)**	1,051	**(344)**	950
Cash flows used in investing activities	**(47)**	(155)	**(11)**	(1)	**(51)**	(7)
Cash flows from/(used in) financing activities	**3,651**	247	**–**	308	**(157)**	(210)
Net (decrease)/increase in cash and cash equivalents	**(80)**	1,746	**(2,089)**	1,358	**(552)**	733

13 INVESTMENTS IN ASSOCIATED COMPANIES

The Group's investments in associated companies are summarised below:

	Group	
	2018 US$'000	2017 US$'000
Carrying amounts:		
Silver Express International Ltd	**1,410**	695
Other associated companies	**117**	57
	1,527	752

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Details of associated companies are:

Name of company	Principal activities	Country of incorporation and operation	Group's effective equity holding 2018	2017
			%	%
Held by A-Sonic Logistics Pte. Ltd.				
# A-Sonic Logistics (Thailand) Co., Ltd	Logistics	Thailand	**49**	49
** A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd.	Customs clearance	Malaysia	**49**	49
*** A-Sonic Logistics Lanka (Private) Limited	Logistics	Sri Lanka	**40**	40
# A-Sonic Logistics (Middle East) LLC	Logistics	United Arab Emirates	**49**	49
*** Silver Express International Ltd	Cargo ground handling services	Hong Kong S.A.R, PRC	**40**	40

Notes:

Not required to be audited for the financial year ended 31 December 2018 by law of country of incorporation.

** Audited by member firms of Baker Tilly International in their respective countries.

*** Audited by other professional firms as follows:

Name of associated companies	Name of auditors
Silver Express International Ltd	Shinewing (HK) CPA Limited
A-Sonic Logistics Lanka (Private) Limited	De Zose Associates

The activities of the associated companies are strategic to the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information for Silver Express International Ltd based on its FRS financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investments in the consolidated financial statements are as follows:

	2018 US$'000	2017 US$'000
Revenue	**18,886**	7,930
Profit after tax from continuing operations	**2,389**	680
Total comprehensive income	**2,389**	680
Dividend received from an associated company	**246**	–
Non-current assets	**1,565**	490
Current assets	**4,536**	3,476
Non-current liabilities	**(155)**	(2)
Current liabilities	**(2,421)**	(2,226)
Net assets	**3,525**	1,738
Group's share of net assets based on proportion of ownership interest	**1,410**	695
Carrying amount of investment	**1,410**	695

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2018 US$'000	2017 US$'000
Profit after tax from continuing operations	**393**	95
Total comprehensive profit	**374**	94

The Group has not recognised its share of profit of A-Sonic Customs Broker Services (Malaysia) Sdn. Bhd. and A-Sonic Logistics (Middle East) LLC amounting to US$43,000 and US$44,000 (2017: US$30,000 and US$1,000) respectively during the year because the Group's cumulative share of losses at the balance sheet date has exceeded its interest in those associated companies and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses at the balance sheet date in respect of the associated companies not recognised were US$617,000 (2017: US$615,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14 FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	2018 US$'000	2017 US$'000
Unquoted equity shares, at fair value	**98**	–

15 DEFERRED TAX ASSETS

Movements in deferred tax assets of the Group during the year are as follows:

	At 1.1.2017 US$'000	Addition US$'000	Exchange difference US$'000	At 31.12.2017 US$'000	**Reversal US$'000**	**Exchange difference US$'000**	**At 31.12.2018 US$'000**
Deferred tax assets							
Unabsorbed tax losses	(275)	(39)	(22)	(336)	**30**	**29**	**(277)**
Amount recognised in consolidated statement of profit or loss (Note 9)		(39)			**30**		

The Group's provision for deferred tax has been computed based on the corporate tax rate and tax laws prevailing at the reporting date. Deferred tax assets were recognised for certain subsidiaries as management considered it probable that future taxable profits based on the subsidiaries' profit forecast would be available against which they are utilised.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Trade receivables	**33,812**	32,598	**–**	–
Payment of custom duties and freight recoverable from customers	**924**	2,694	**–**	–
Advance payment to suppliers	**964**	610	**–**	–
Deposits	**2,606**	2,554	**–**	–
Prepayments	**460**	812	**6**	5
GST/VAT receivables	**94**	426	**–**	–
Other receivables	**676**	671	**–**	–
	39,536	40,365	**6**	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16 TRADE AND OTHER RECEIVABLES (CONTINUED)

a) Trade receivables are stated after making the following impairment allowance:

	Group	
	2018	2017
	US$'000	US$'000
At beginning of financial year	**3,638**	2,655
Additions (Note 8)	**362**	1,076
Write-back (Note 5)	**(11)**	(37)
Bad receivables written off	**(214)**	(152)
Exchange difference	**(118)**	96
At end of financial year	**3,657**	3,638

b) Other receivables are stated after making the following impairment allowance:

	Group	
	2018	2017
	US$'000	US$'000
At beginning of financial year	**1,002**	884
Additions (Note 8)	**102**	114
Write-back (Note 5)	**–**	(3)
Written off	**(188)**	–
Exchange difference	**(10)**	7
At end of financial year	**906**	1,002

c) Included in deposits are amounts placed with airlines and agents amounting to US$2,066,000 (2017: US$1,995,000) as security for services rendered.

d) Finance lease receivables

	Group	
	2018	2017
	US$'000	US$'000
Gross receivables	**6,421**	6,421
Less: Impairment allowance	**(6,421)**	(6,421)
	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

18 DUE FROM ASSOCIATED COMPANIES

	Group	
	2018	2017
	US$'000	US$'000
Due from:		
Trade	**(122)**	23
Non-trade	**1,040**	1,239
Less: Impairment allowance on non-trade amount	**(660)**	(662)
	258	600

Non-trade amounts due from associated companies are unsecured, interest-free and repayable on demand, except for an amount of US$87,000 (2017: US$389,000) which bears interest rates at 4% (2017: 4% to 5%) per annum.

Movements of impairment allowance are as follows:

	Group	
	2018	2017
	US$'000	US$'000
At beginning of financial year	**662**	699
Additions (Note 8)	**11**	19
Write back (Note 5)	**–**	(110)
Exchange difference	**(13)**	54
At end of financial year	**660**	662

19 CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Bank and cash balances	**23,518**	23,528	**11,278**	7,545
Fixed deposits	**955**	254	**–**	–
Total cash and cash equivalents	**24,473**	23,782	**11,278**	7,545
Less: Fixed deposit pledged to secure banking facilities	**(205)**	(467)		
Cash and cash equivalents per consolidated statements of cash flows	**24,268**	23,315		

Bank deposits of the Group amounting to US$18,596,000 (2017: US$15,226,000) and of the Company amounting to US$11,256,000 (2017: US$7,500,000) earn interests at variable rates ranging from 0.05% to 2.63% (2017: 0.01% to 1.914%) per annum, and at 2.63% (2017: 1.914%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19 CASH AND CASH EQUIVALENTS (CONTINUED)

The fixed deposits of the Group were placed with reputable banks and mature within 12 months from year end with fixed interest rates ranging between 0.2% to 2.4% (2017: 0.10% to 1.27%) per annum.

Fixed deposit amounting to US$205,000 (2017: US$467,000) is pledged to a bank as security for the issuance of banker guarantees to airlines.

20 FINANCE LEASE LIABILITIES

During the year, the effective interest rate per annum on the finance leases ranges between 2.46% to 3.66% (2017: 2.25% to 3.56%).

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:

	Group	
	Minimum lease payments US$'000	Present value of lease payments US$'000
2018		
Not more than one year	**687**	**659**
Later than one year but not later than five years	**599**	**578**
	1,286	**1,237**
Less: Future finance charges	**(49)**	**–**
Present value of finance lease liabilities	**1,237**	**1,237**

The finance lease liabilities are analysed as follows:

Not more than one year	**659**
Later than one year but not later than five years	**578**
	1,237

2017		
Not more than one year	642	607
Later than one year but not later than five years	976	952
	1,618	1,559
Less: Future finance charges	(59)	–
Present value of finance lease liabilities	1,559	1,559

The finance lease liabilities are analysed as follows:

Not more than one year	607
Later than one year but not later than five years	952
	1,559

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 FINANCE LEASE LIABILITIES (CONTINUED)

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

	Group	
	2018	2017
	US$'000	US$'000
At beginning of financial year	**1,559**	1,807
Changes from financing cash flows:		
– repayment	**(616)**	(575)
– interest paid	**(38)**	(50)
Non-cash changes		
– interest expense	**38**	50
– new finance lease	**261**	129
Exchange differences	**33**	198
At end of financial year	**1,237**	1,559

The net carrying value of motor vehicles acquired under finance lease agreement is disclosed in Note 11.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**22,121**	27,284	**–**	–
Other payables	**2,944**	2,316	**6**	28
Accrued operating expenses	**3,675**	2,839	**272**	192
Custom duties and freight received in advance from customers	**13,623**	9,128	**–**	–
Advance from a director/shareholder of a subsidiary	**1,057**	3,670	**–**	–
	43,420	45,237	**278**	220

The advance from a director/shareholder of a subsidiary is unsecured, interest-free and is repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22 BANK BORROWINGS

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Secured				
Money market loans	**1,924**	1,995	**–**	–
Revolving loans	**2,250**	2,303	**2,250**	1,975
	4,174	4,298	**2,250**	1,975

Money market loans of US$1,924,000 (2017: US$1,995,000) and revolving loans of US$ Nil (2017: US$328,000) for the Group are covered by corporate guarantee given by the Company.

Money market loans of US$1,924,000 (2017: US$1,995,000) are also secured by a first deed of debenture incorporating a floating charge over receivables of the logistics services of the Group amounting to US$38,185,000 (2017: US$39,068,000).

Revolving loan of the Group and Company amounting to US$2,250,000 (2017: US$1,975,000) is secured on the leasehold property of the Group.

The weighted average interest rates per annum for the loans as at year end are as follows:

a) Money market loans – 3.48% (2017: 2.94%)
b) Revolving loans – 3.11% (2017: 3.61%)

Reconciliation of movements of bank borrowings to cash flows arising from financing activities:

	Group	
	2018 US$'000	2017 US$'000
At beginning of financial year	**4,298**	3,161
Changes from financing cash flows:		
– proceeds	**322**	1,939
– repayment	**(350)**	(991)
– interest paid	**(200)**	(164)
Non-cash changes		
– interest expense	**200**	164
Exchange differences	**(96)**	189
At end of financial year	**4,174**	4,298

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23 PROVISIONS FOR LIABILITIES

	Group	
	2018	2017
	US$'000	US$'000
At beginning of financial year	**270**	579
Additions (Note 8)	**–**	65
Write back (Note 5)	**(5)**	(318)
Utilisation	**–**	(67)
Exchange difference	**–**	11
At end of financial year	**265**	270

The provisions for liabilities comprise mainly legal costs (2017: legal costs).

24 SHARE CAPITAL

	Group and Company			
	2018		2017	
	No. of shares	**US$'000**	No. of shares	US$'000
Issued and fully paid capital				
At beginning and end of financial year	**58,479,296**	**51,758**	58,479,296	51,758

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

25 CONTINGENT LIABILITIES

At the balance sheet date:

a) corporate guarantees issued for bank facilities by the Company to its subsidiary amounted to US$8,522,000 (2017: US$8,522,000); and

b) the Company's bankers' guarantees facility amounting to US$582,000 (2017: US$594,000) were utilised by certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 COMMITMENTS

Lease commitments – where the Group is the lessee

Commitments in relation to non-cancellable operating leases for office premises and office equipment contracted for but not recognised as liabilities, are payable as follows:

	Group	
	2018	2017
	US$'000	US$'000
Not later than one financial year	**588**	901
Later than one financial year but not later than five financial years	**728**	1,135
More than 5 years	**1**	1
	1,317	2,037

At the balance sheet date, the leases for rental of office premises, office equipment and machinery have remaining unexpired terms between 5 months to 63 months (31 December 2017: 3 months to 54 months). All leases include options for renewal.

27 DIVIDEND

The directors have proposed a final tax exempt (one-tier) dividend of 1 Singapore cent per share totalling approximately US$434,000 for the financial year ended 31 December 2018, subject to approval by shareholders at the Annual General Meeting to be convened.

These financial statements do not reflect these dividends payable, which if approved at the Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of 2018 profit in the financial year ending 31 December 2019.

28 RELATED PARTIES TRANSACTION

In addition to related party information disclosed elsewhere in the financial statements, the Group had significant transactions with related parties during the financial year on terms mutually agreed by the parties concerned:

	2018	2017
	US$'000	US$'000
With associated companies		
– Services rendered	**392**	210
– Interest income	**6**	11
– Management and administrative fee income	**25**	7
– Freight charges	**(449)**	(278)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial instruments as at balance sheet date are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Financial assets				
Fair value through profit or loss (2017: Available for sale financial assets)	**98**	3	**–**	–
Financial assets at amortised cost (2017: Loans and receivables)	**62,729**	62,878	**13,640**	7,792
Financial liabilities				
Total financial liabilities at amortised cost	**48,365**	50,536	**8,722**	3,688

b) Financial risk management

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and market price risk.

The Group and the Company's overall risk management framework is set by the Board of Directors of the Company which sets out the Group and the Company's overall business strategies and its risk management philosophy. The Group and the Company's overall risk management strategy seeks to minimise potential adverse effects from these financial risks on the Group's financial performance.

Foreign exchange risk

The Group and Company do not have significant foreign exchange risk exposures arising from sales, purchases and borrowings that are denominated in currency other than the respective functional currencies of Group entities.

Interest rate risk

The Group's exposure to changes in interest rate risk arises primarily from the Group's debt obligations disclosed in Note 22. The Group maintains its borrowings in both variable and fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase or decrease in interest rates by 50 basis points for variable rate borrowings is not expected to have a significant impact on the Group's profit after tax.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk (Continued)

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored by the Management.

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

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

Significant increase in credit risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk (Continued)

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

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers information (developed internally or obtained from external sources) that the debtor is unlikely to pay its creditors, including the Group, in full, as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet this criteria are generally not recoverable.

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

Credit-impaired financial assets

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

Estimation techniques and significant assumptions

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

At the balance sheet date, the Group and Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet and the amount of US$8,522,000 (2017: US$8,522,000) relating to corporate guarantees given by the Company to a bank for a subsidiary's bank facilities.

There are no significant concentration of credit risks other than amounts due from associated companies (Note 18) and corporate guarantees as stated above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk (Continued)

Estimation techniques and significant assumptions (Continued)

The credit risk concentration profile of the Group's trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
By geographical areas				
Asia	**30,819**	28,193	**–**	–
Others	**2,993**	4,405	**–**	–
	33,812	32,598	**–**	–
By types of customers				
Third parties	**33,812**	32,598	**–**	–

Trade receivables and other financial assets at amortised cost

The movements in credit loss allowance for trade receivables are disclosed in Note 16.

The Group has applied the simplified approach in SFRS(I) 9 to measure the lifetime expected credit loss allowance for trade receivables.

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

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

The Group has recognised a loss allowance of 100% against all trade receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

Credit risk exposure in relation to financial assets at amortised costs (other than trade receivables) as at 31 December 2018 is insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk (Continued)

Trade receivables and other financial assets at amortised cost (Continued)

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

	12-month or lifetime ECL	Gross carrying amount US$'000	Loss allowance US$'000	Net carrying amount US$'000
Trade receivables	Life time ECL	37,469	(3,657)	33,812
Other receivables	N.A. Exposure Limited	5,092	(906)	4,186
Due from associated companies	12-month ECL	918	(660)	258
Cash and cash equivalents with financial institutions	N.A. Exposure Limited	24,473	–	24,473

Financial guarantee

The Company has issued financial guarantees to a banks for bank facilities of its subsidiary. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary has strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk (Continued)

Previous accounting policy for impairment of financial assets

Financial assets that are neither past due nor impaired

The Group's 2017 trade receivables that are neither past due nor impaired include amounts of US$18,396,000. These receivables are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable banks.

Financial assets that are past due but not impaired

	Group 2017 US$
Past due 0 to 2 months	13,009
Past due 2 to 4 months	874
Past due over 4 months	319
Total	14,202

Financial assets that are past due and/or impaired

Allowances for doubtful receivables had been made for debts that are past due and impaired in trade and other receivables (Note 16) and amounts due from associated companies (Note 18).

The Company does not have any significant credit risk exposure other than the amounts due from subsidiaries as disclosed in Note 17.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage the liquidity risk by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group and the Company ensure the availability of bank credit lines to address any short term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Liquidity risk (Continued)

The table below summarises the maturity profile of the Group and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	Within 1 year US$'000	Within 2 to 5 years US$'000	Total US$'000
Group			
2018			
Financial liabilities			
Trade and other payables	**42,953**	**–**	**42,953**
Finance lease liabilities	**687**	**599**	**1,286**
Bank borrowings	**4,311**	**–**	**4,311**
2017			
Financial liabilities			
Trade and other payables	44,679	–	44,679
Finance lease liabilities	642	976	1,618
Bank borrowings	4,432	–	4,432
Company			
2018			
Financial liabilities			
Trade and other payables	**278**	**–**	**278**
Bank borrowings	**2,320**	**–**	**2,320**
Due to subsidiaries	**6,194**	**–**	**6,194**
2017			
Financial liabilities			
Trade and other payables	220	–	220
Bank borrowings	2,024	–	2,024
Due to subsidiaries	1,493	–	1,493

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantees could be called.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Liquidity risk (Continued)

	Company One year or less	
	2018	2017
	US$'000	US$'000
Financial guarantee contracts	**8,522**	8,522

30 FAIR VALUE OF ASSETS AND LIABILITIES

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Financial instruments that are carried at fair value

The Group does not have any significant Level 1, Level 2 or Level 3 financial assets or liabilities, other than as disclosed in Note 30(c) below.

c) Financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets and financial liabilities (except for finance lease liabilities) recorded in the financial statements of the Group and the Company approximate their fair values due to the relatively short-term maturity of these financial instruments.

The carrying amount of non-current finance lease liabilities approximates its fair value as this financial instrument bears interest rate which approximates the market interest rates at the reporting date. This fair value measurement for disclosure purpose is categorised in Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, adjust the amount of dividend payment, return capital to the shareholders and buy back issued shares. The directors of the Company consider that the capital structure of the Group and the Company comprises only of share capital and reserves. The Group's overall strategy remains unchanged from 2017.

32 SEGMENT INFORMATION

For management purpose, the Group is organised into 2 business segments based on their products and services as follows:

i) Aviation
ii) Logistics

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment of each segment. Sales between operating segments are at arm's-length basis in a manner similar to transactions with third parties. Reportable segments' turnover, profit/(loss) before tax, interest income and finance costs are measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income. The amounts provided to the management with respect to reportable segments' assets and liabilities are measured in a manner consistent with that of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32 SEGMENT INFORMATION (CONTINUED)

Business segments – Group

Reportable segments are as follows:

	Aviation		Logistics		Consolidated	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000
Turnover from reportable segments	**7,760**	1,162	**210,991**	205,990	**218,751**	207,152
Interest income	**232**	98	**28**	47	**260**	145
Finance costs	**(61)**	(33)	**(177)**	(181)	**(238)**	(214)
Depreciation of property, plant and equipment	**(106)**	(105)	**(648)**	(707)	**(754)**	(812)
Share of results of associated companies	**–**	–	**1,047**	331	**1,047**	331
Taxation expense	**(49)**	(2)	**(133)**	(214)	**(182)**	(216)
Reportable segment profit/(loss)	**1,268**	(1,409)	**(638)**	(714)	**630**	(2,123)
Other material non-cash items						
Impairment allowance for non-trade receivables written back	**–**	–	**–**	(113)	**–**	(113)
Impairment allowance for trade receivables written back	**–**	–	**(11)**	(37)	**(11)**	(37)
Provision for liabilities written back	**–**	–	**(5)**	(318)	**(5)**	(318)
Impairment allowance for non-trade receivables	**–**	–	**113**	133	**113**	133
Impairment allowance for trade receivables	**–**	–	**362**	1,076	**362**	1,076
Provision for liabilities	**–**	–	**–**	65	**–**	65
Segment assets	**14,994**	12,784	**58,600**	62,462	**73,594**	75,246
Expenditure in non-current assets						
Property, plant and equipment	**8**	9	**550**	495	**558**	504
Segment liabilities	**5,249**	3,928	**44,032**	47,684	**49,281**	51,612

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32 SEGMENT INFORMATION (CONTINUED)

Geographical information – Group

Revenue information is derived based on the country of domicile of the member entities of the Group, whereas non-current assets information is based on the geographical location of the assets.

The geographical information derived using the above basis is as follows:

	Turnover for reportable segments	
	2018	2017
	US$'000	US$'000
The People's Republic of China (including Hong Kong S.A.R)	**155,548**	122,617
Australia	**15,222**	43,684
Other countries	**47,981**	40,851
	218,751	207,152

	Non-current assets for reportable segments	
	2018	2017
	US$'000	US$'000
Singapore	**3,297**	3,485
USA	**1,818**	1,842
Other countries	**2,359**	1,546
	7,474	6,873

Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding deferred tax assets.

Information about major customer

There was no single external customer that had contributed more than 10 percent to the revenue of the Group for the financial years 2018 and 2017.

33 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors dated 25 March 2019.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

The following additional information on Ms Irene Tay Gek Lim and Mr Gurbachan Singh, each of whom is seeking re-election as a Director at the Annual General Meeting of the Company on 26 April 2019, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	**Irene Tay Gek Lim**	**Gurbachan Singh**
Date of first appointment as Director	20 May 2004	29 April 2016
Date of last re-election as a Director	28 April 2016	28 April 2017
Age	58	69
Country of Residence	Singapore	Singapore
The Board's comments on the re-election	Ms Irene Tay Gek Lim is an Executive Director of the Company. Her responsibilities include overseeing logistics business unit under the branding "A-Sonic Logistics"	Mr Gurbachan Singh has related expertise particularly in corporate taxation which requires a fair understanding in financial matters. He has continued to discharge his duties well and continually to contribute positive to the Company with his wealth of experience and expertise.
Whether appointment is executive, and if so, the area of responsibility	Overseeing logistics business unit under the branding "A-Sonic Logistics"	Non-executive Independent
Job Title	Executive Non-Independent director	Non-executive Independent Director Member of Audit Committee Member of Remuneration Committee
Professional qualifications	Bachelor of Economics, Monash University (Australia) Bachelor of Laws, Monash University (Australia) Degree of Master of Laws, National University of Singapore Master of Science in the Social Sciences (International Banking and Financial Studies), University of Southampton (United Kingdom)	Bachelor of Law, University of Singapore
Working experience and occupation(s) during the past 10 years	Executive director of A-Sonic Aerospace Limited since 2008 to present.	Partner and later Managing Partner of large law firm from 1991-December 2013 Managing Partner of GSM Law LLP from 2014 to present.
Shareholding interest in the listed issuer and its subsidiaries	482,800 A-Sonic shares	NIL

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	**Irene Tay Gek Lim**	**Gurbachan Singh**
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	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships – Past (for the last 5 years)	NIL	• Indiabulls Property Management Trustee Pte Ltd (Director) • Tax Academy of Singapore (Director)
Disclose the following matters concerning the director: (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Name of Director	**Irene Tay Gek Lim**	**Gurbachan Singh**
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

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

ANALYSIS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

SHARE CAPITAL

Issued and Fully Paid-Up Capital	:	S$72,451,650.41
Class of shares	:	Ordinary shares
Voting rights	:	On poll – 1 vote for each ordinary share
Number of Subsidiary Holdings[1]	:	0

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	1,215	21.74	58,068	0.10
100 – 1,000	2,263	40.49	1,088,281	1.86
1,001 – 10,000	1,797	32.15	6,096,668	10.42
10,001 – 1,000,000	310	5.55	14,525,992	24.84
1,000,001 and above	4	0.07	36,710,287	62.78
TOTAL	**5,589**	**100.00**	**58,479,296**	**100.00**

Note:

[1] "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50 of Singapore.

PUBLIC FLOAT

The Company has complied with Rule 723 of the Listing Manual issued by SGX-ST. As at 15 March 2019, approximately 43.94% of the Company's ordinary shares listed on the SGX-ST were held in the hands of the public.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	JANET LC TAN	30,915,864	52.87
2	DBS NOMINEES PTE LTD	2,337,147	4.00
3	CITIBANK NOMINEES SINGAPORE PTE LTD	2,279,817	3.90
4	MAYBANK KIM ENG SECURITIES PTE LTD	1,177,459	2.01
5	ABN AMRO CLEARING BANK N.V.	971,200	1.66
6	UOB KAY HIAN PTE LTD	743,825	1.27
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	537,591	0.92
8	CHUA BOON LEONG	483,500	0.83
9	IRENE TAY GEK LIM	482,800	0.83
10	RAFFLES NOMINEES (PTE) LIMITED	365,710	0.62
11	SIM CHONG YANG	336,800	0.58
12	STERLING AIR PRIVATE LIMITED	319,833	0.55
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	300,180	0.51
14	TAY WEE MENG	300,008	0.51
15	KOH PECK HOON	259,170	0.44
16	CHIAN SHIAN ANN @ CHIAM YEOW ANN	205,958	0.35
17	OCBC NOMINEES SINGAPORE PTE LTD	195,468	0.33
18	NG SER MIANG	176,545	0.30
19	PHILLIP SECURITIES PTE LTD	175,307	0.30
20	CHUA ENG HONG	151,466	0.26
	TOTAL	**42,715,648**	**73.04**

SUBSTANTIAL SHAREHOLDER

	Direct interest		Deemed interest		Total	
Name of shareholder	No. of shares	%	No. of shares	%	No. of shares	%
JANET LC TAN	30,915,864	52.87	319,833	0.55	31,235,697	53.42

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at 51 Cuppage Road, #03-03, Oasis 1 & 2, Singapore 229469 on Friday, 26 April 2019 at 3.00 p.m. to transact the following business:–

Ordinary Business

1 To receive and adopt the financial statements of the Company for the year ended 31 December 2018 together with the directors' statement and auditors' report thereon.

2 To declare a first and final one-tier tax exempt dividend of 1 Singapore cent per share for the financial year ended 31 December 2018. The date of payment in the year 2019, will be determined by the Board of Directors.

3 To approve directors' fees of S$170,000.00 for the financial year ended 31 December 2018 (2017: S$170,000.00).

4(a) To re-elect Ms Irene Tay Gek Lim, a director who will retire by rotation pursuant to regulation 91 of the Constitution of the Company and who, being eligible, will offer herself for re-election[1].

4(b) To re-elect Mr Gurbachan Singh, a director who will retire by rotation pursuant to regulation 91 of the Constitution of the Company and who, being eligible, will offer himself for re-election[1]. *[See Explanatory Note (a)]*

5 To re-appoint Baker Tilly TFW LLP as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without any modifications:–

6 That pursuant to Section 161 of the Companies Act, Cap. 50 ("Companies Act") and the listing rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, PROVIDED THAT:–

(i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution;

(ii) for the purpose of this resolution, the issued share capital shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or share options outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares); and

(iii) unless revoked or varied by the Company in general meeting, such authority shall continue 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 the earlier. *[See Explanatory Note (b)]*

[1] Detailed information on the Directors who are proposed to be re-elected can be found under the sections entitled "Board of Directors", "Corporate Governance Statement" and "Additional Information on Directors Seeking Re-appointment" of the Company's Annual Report 2018.

NOTICE OF ANNUAL GENERAL MEETING

7 That:

(a) for the purposes of the Companies Act, the exercise by the directors of the Company ("Directors") of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (as defined herein), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined herein), whether by way of:

(i) market purchase(s) ("Market Purchase") on the SGX-ST; and/or

(ii) off-market purchase(s) ("Off-Market Purchase") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(b) unless varied or revoked by the shareholders of the Company (the "Shareholders") in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding,

(i) in the case of a Market Purchase, 105% of the Average Closing Market Price; and

(ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120% of the Highest Last Dealt Price;

"Maximum Limit" means the number of issued Shares representing 10% of the total number of issued Shares of the Company as at the date of the passing of this Resolution;

NOTICE OF ANNUAL GENERAL MEETING

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"day of making of the offer" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market Day" means a day on which the SGX-ST is open for trading of securities.

(d) any Director be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution. *[See Explanatory Note (c)]*

8 To transact any other business which may properly be transacted at an annual general meeting.

BY ORDER OF THE BOARD

LOO KEAT CHOON / GRACE CP CHAN
COMPANY SECRETARIES

Singapore,
10 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Proxies:–

1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the annual general meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the annual general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap 50.

2 A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #24-07 International Plaza Singapore 079903 not less than 72 hours before the time appointed for holding the annual general meeting.

Explanatory Notes:–

(a) Mr Gurbachan Singh, if re-elected as a director, will remain as a member of the Audit Committee and Remuneration Committee and will be considered as an Independent Director.

(b) The ordinary resolution set out in item 6 above, if passed, will empower the directors from the date of the above meeting until the date of the next annual general meeting, to issue shares and convertible securities in the Company. The number of shares and convertible securities which the directors may issue under this resolution would not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed.

(c) The ordinary resolution in item 7 above, if passed, will renew the Share Buyback Mandate authorising the directors of the Company, from time to time, to buy back shares of the Company by way of market purchase(s) and/or off-market purchase(s) subject to and in accordance with the prescribed rules and regulations governed by the Companies Act, the Listing Manual and such other laws and regulations as may for the time being applicable. Please refer to the Addendum to the notice of annual general meeting dated 10 April 2019 for details.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general 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 annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agent) 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.

A-SONIC AEROSPACE LIMITED

(Incorporated In The Republic Of Singapore)
Company Registration No. 200301838G

PROXY FORM

IMPORTANT

1 Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
2 For CPF/SRS investors who have used their CPF monies to buy shares in A-Sonic Aerospace Limited, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We ____________________ NRIC/Passport/Co. Reg. No. ____________

of ____________________
being a member/members of A-Sonic Aerospace Limited hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held at 51 Cuppage Road #03-03, Oasis 1 & 2, Singapore 229469 on Friday, 26 April 2019 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the annual general meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the annual general meeting.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
Ordinary Business			
1	To receive and adopt the financial statements of the Company for the year ended 31 December 2018 together with the directors' statement and auditors' report thereon		
2	To declare a first and final one-tier tax exempt dividend		
3	To approve directors' fees		
4(a)	To re-elect Ms Irene Tay Gek Lim as director		
4(b)	To re-elect Mr Gurbachan Singh as director		
5	To re-appoint Baker Tilly TFW LLP as auditors and to authorise the directors to fix their remuneration		
Special Business			
6	To authorise the directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
7	To approve the proposed renewal of the Share Buyback Mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this ________ day of ____________ 2019

Total Number of Ordinary Shares Held

____
Signature(s) of Member(s) or Common Seal of Corporate Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES TO PROXY FORM

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the annual general meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the annual general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3 A proxy need not be a member of the Company.

4 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #24-07, International Plaza, Singapore 079903 not less than 72 hours before the time appointed for holding the annual general meeting.

5 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the annual general 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 annual general meeting.

6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer of the corporation.

7 Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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 annual general meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

9 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 (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies 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 annual general meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general 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 annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agent) 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 page has been intentionally left blank

This page has been intentionally left blank

A-SONIC AEROSPACE LIMITED
Co. Reg. No. 200301838G
10 Anson Road #24-07 International Plaza
Singapore 079903
T (65) 6226 2072 F (65) 6226 2071
www.asonic-aerospace.com