VASHION Group Ltd.

金洋環球集團有限公司

2018 ANNUAL REPORT

ANNUAL REPORT 2018

VASHION GROUP LTD.

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

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

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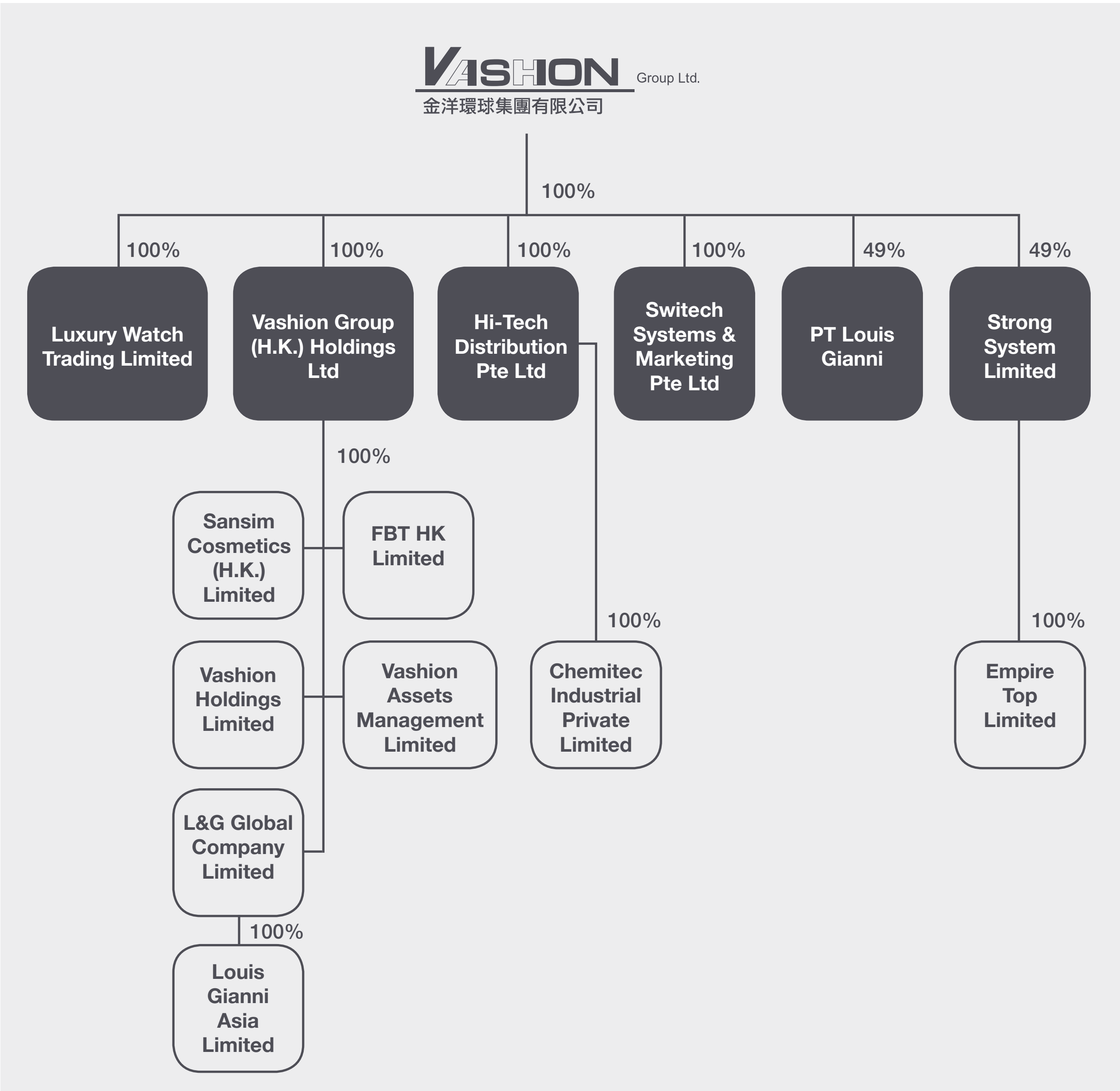
CORPORATE PROFILE

Vashion Group Ltd and its subsidiaries ("the Group"), has its core business focusing on distribution of equipment and consumable materials for the electronics industry and switchgear design & assembly services in Singapore and trading of luxury goods in Hong Kong.

GROUP STRUCTURE



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors for the Vashion Group Ltd (the "Company") and its subsidiaries collectively, (the "Group"), it is my pleasure to present to you the Annual Report for financial year ended 31 December 2018 ("FY2018").

In the current weak global economies, most sectors of the Singapore economy were negatively impacted. The Group also faced a challenging business environment in FY2018. The Group will continue to focus on productivity improvement and cost management to sustain its existing businesses in the coming year. The Group will also explore investment opportunities to achieve the long-term goal of enhancing our shareholders' value.

BUSINESS OPERATIONS AND FINANCIAL RESULTS REVIEW

The Group's revenue increased by S$7.8 million or 240.52% from S$3.2 million in FY2017 to S$11.1 million in FY2018 mainly due to the new business in trading of luxury goods in Hong Kong subsidiary which started in March 2018. Revenue contributed from distribution of consumable material for electronic industry dropped by 14.62% from S$3.2 million in FY2017 to S$2.8 million in FY2018.

The gross profit margin of the Group declined substantially from 19.51% in FY2017 to 5.36% in FY2018. The gross profit of the Group slightly decreased from S$633 thousand in FY2017 to S$592 thousand in FY2018.

In continuing operations, the increase in other operating income from S$50 thousand in FY2017 to S$458 thousand in FY2018 was mainly due to exchange gain result from foreign currency translation of S$400 thousand.

The selling and distribution expenses slightly increased and recorded approximately S$254 thousand in FY2018 (FY2017: S$230 thousand).

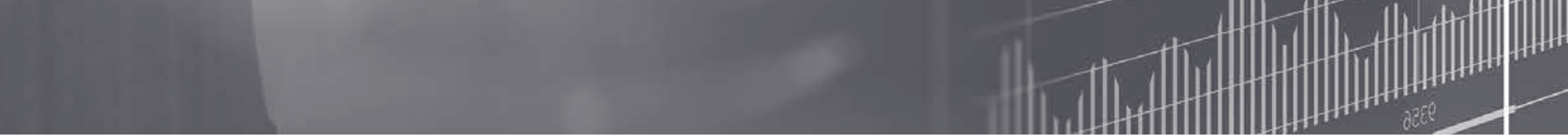
The administrative expenses rose by 24.62% from S$1.9 million in FY2017 to S$2.3 million in FY2018 mainly due to increase in (i) wages and salaries by S$314 thousand; (ii) legal and professional fee by S$22 thousand; (iii) building management fee by S$15 thousand; (iv) printing expenses S$14 thousand; (v) listing and secretarial fee by S$17 thousand and others.

The administrative expenses of S$2.3 million are mainly attributable to wages and salaries and directors' remuneration (S$1.56 million), professionals and audit fees (S$355 thousand), rental and building management fee (S$80 thousand), travelling and entertainment expenses (S$70 thousand), printing expenses (S$42 thousand), listing fee and secretarial fee (S$42 thousand), depreciation (S$16 thousand), courier, logistic and motor vehicle expenses (S$26 thousand), bank charges (S$10 thousand), telephone, utilities and office supplies (S$30 thousand) and others (S$89 thousand).

According to the record in continuing operations, the other operating expenses recorded $259 thousand mainly comprised of net loss on disposal of 51% of PT Louis Gianni (S$252 thousand).

In terms of finance expenses in FY2018 which solely related to interest expenses.

The discontinued operations refer to subsidiaries, Luxury Watch Trading Limited, PT. Louis Gianni, Sansim Cosmetics (H.K.) Ltd, FBT HK Limited and Vashion Assets Management Limited, which were engaged in trading or wholesale of garments and cosmetics products or provision of consultancy services. These subsidiaries have either ceased operations or remained inactive since prior years.



CHAIRMAN'S STATEMENT

The loss from discontinued operations dropped from S$460 thousand in FY2017 to S$147 thousand in FY2018 mainly due to exchange gain result from foreign currency translation between intercompany balance while FY2017 recorded exchange loss. The income from discontinued operations mainly consisted of (i) interest income (S$96 thousand) from fixed deposit in Indonesia and (ii) exchange gain (S$89 thousand). Administrative expenses from discontinued operations included legal and professional fee and audit fee (S$199 thousand); rental and building management fee (S$93 thousand); withholding tax of interest income in Indonesia (S$19 thousand); depreciation (S$15 thousand) and others.

FINANCIAL POSITION REVIEW

The non-current assets increase mainly due to investment in associate after disposal of 51% of PT Louis Gianni and offset by a decrease in property, plant, and equipment as a result of depreciation.

The current assets of the Group increased by approximately S$0.6 million or 12.06% from S$5.3 million as at 31 December 2017 to S$5.9 million as at 31 December 2018.

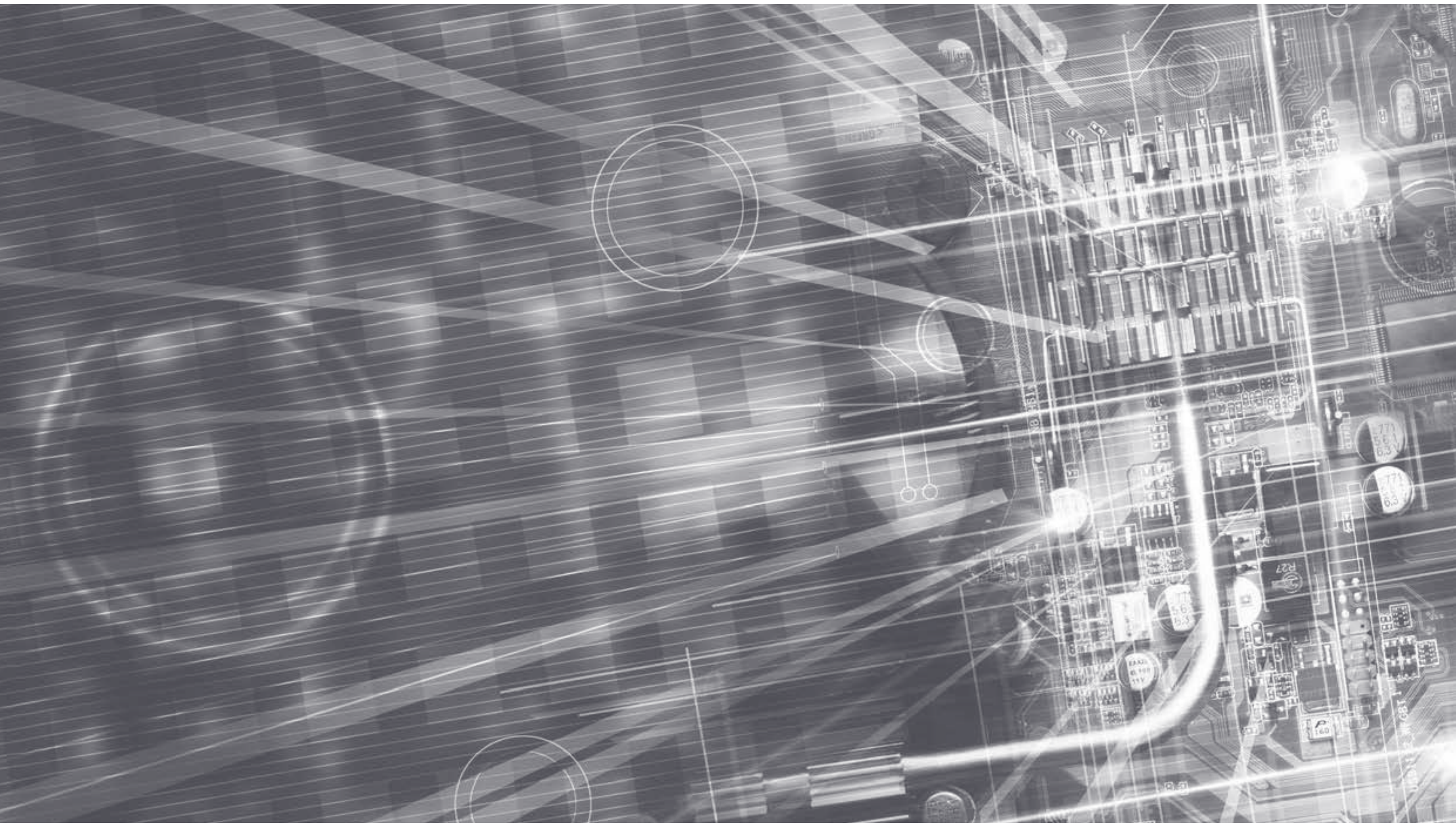
Inventories increased by approximately S$2.0 million from S$0.3 million as at 31 December 2017 to S$2.3 million as at 31 December 2018 resulting from the purchase of stock for the new business in trading of luxury goods in Hong Kong subsidiary.

The decline in trade receivables by S$150 thousand result from settlement from customers. As at 31 December 2018, all trade receivables are within their credit terms.

The decline in other receivables, deposits and prepayments by approximately S$375 thousand was mainly due to (i) stocks in transit have been fully delivered to our warehouse in early 2018 and (ii) accrued interest income as at 31 December 2017 has been received from CIMB Bank in Indonesia.

The amount due from associate recorded S$1.7 million as at 31 December 2018 solely due to the advance to Strong System Limited.

The fixed deposit dropped from S$2.5 million as at 31 December 2017 to Nil as at 31 December 2018 as a result of disposal of PT Louis Gianni which became an associate of the Group as at 31 December 2018.



CHAIRMAN'S STATEMENT

The current liabilities of the Group decreased by about S$1.2 million or 53.92% from S$2.3 million as at 31 December 2017 to S$1.1 million as at 31 December 2018.

The drop was mainly due to (i) repayment of interest free and unsecured loan extended from Executive Director in FY2018 of S$326 thousand, (ii) decline in other payable and accruals resulting from settlement of professional fee and payroll and (iii) the decline in trade payables of S$20 thousand resulted from settlement to suppliers.

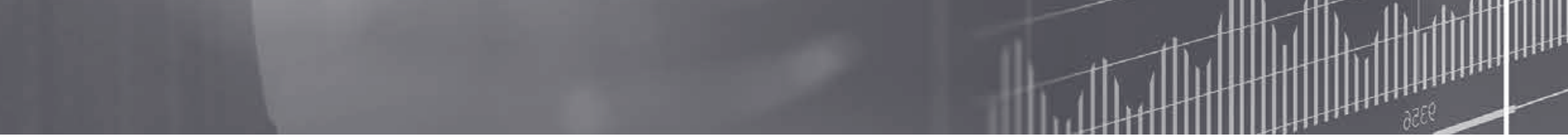
Other payable and accruals consists of (i) directors' remuneration and staff salaries (S$635 thousand); (ii) FY2018 professional fee for (S$246 thousand) and others.

The non-current liabilities of the Group declined from S$7 thousand as at 31 December 2017 to S$5 thousand as at 31 December 2018 as a result of settlement of lease obligation during the year.

The rise in net working capital of approximately S$1.9 million from S$3.0 million in FY2017 to S$4.9 million in FY2018 was mainly due to significant decrease in current liabilities by S$1.2 million from S$2.3 million in FY2017 to S$1.1 million in FY2018 and increase in current assets by S$0.6 million from S$5.3 million in FY2017 to S$5.9 million in FY2018.

COMMENTARY ON CASH FLOW

The Group has a negative cash flows before working capital changes of S$2.2 million as at 31 December 2018 mainly due to loss of approximately S$1.9 million and adjustment made to non-cash items of (i) unrealised exchange gain of S$0.5 million; (ii) depreciation of S$31 thousand; (iii) interest expenses of S$1 thousand; (iv) interest income of S$96 thousand; (v) loss on disposal of investment of S$252 thousand; (vi) impairment of membership rights of S$24 thousand and (vii) other receivables written off of S$7 thousand. Net cash used in operating activities of approximately S$3.6 million was mainly due to (i) increase in inventories of S$2.0 million; (ii) decrease in trade receivables of S$1.0 million and (iii) decrease in payables of S$347 thousand. Net cash of S$1.4 million was used in investing activities as at 31 December 2018 mainly because of (i) decrease of S1.3 million in fixed deposit with CIMB Bank in Indonesia; (ii) disposal of subsidiary (S$1.1 million); (iii) advances to associate of S$1.7 million and (iv) interest received of S$0.2 million. Net cash



CHAIRMAN'S **STATEMENT**

generated from financing activities of S$4.8 million as at 31 December 2018 was due to (i) proceeds from issue of share in February 2018 (S$5.1 million) and (ii) repayment of loan from director (S$0.3 million).

CORPORATE DEVELOPMENTS AND BUSINESS OUTLOOK BUSINESS DEVELOPMENT

Throughout FY2018, the Group commenced with the trading of luxury watch, which primarily involves cash transactions, in March 2018 ("New Business"). The Group would be able to tap into the thriving luxury goods market in Hong Kong and Singapore where they are able to widen their source of revenue by extending these products to young individuals and professionals. The Group will explore investment opportunities to achieve the long-term goal of enhancing our shareholders' value in the coming year.

The outlook of the distribution of consumables to electronic manufacturer business segments remain constant and stable in next twelve months based on the feedback from customers and business dealings with the four long term customers. However, the switchgear design and assembly division is facing increased competition that could materially reduce the revenue from this business segment.

NOTE OF APPRECIATION

Needless to say, it was through the collective efforts of our staff and management that we were able to deliver on our corporate achievements during the course of the year. On behalf of the Board of Directors, I would like to commend and thank them for their tireless contributions.

Last but not least, on behalf of Vashion Group Limited, we would like to express my gratitude to all our shareholders for your unwavering support which has contributed greatly to our success so far. Together, let us look forward to continued success for Vashion Group Ltd.

Leung Kwok Kuen, Jacob
Independent Non-Executive Chairman,
Independent Director
Vashion Group Ltd.

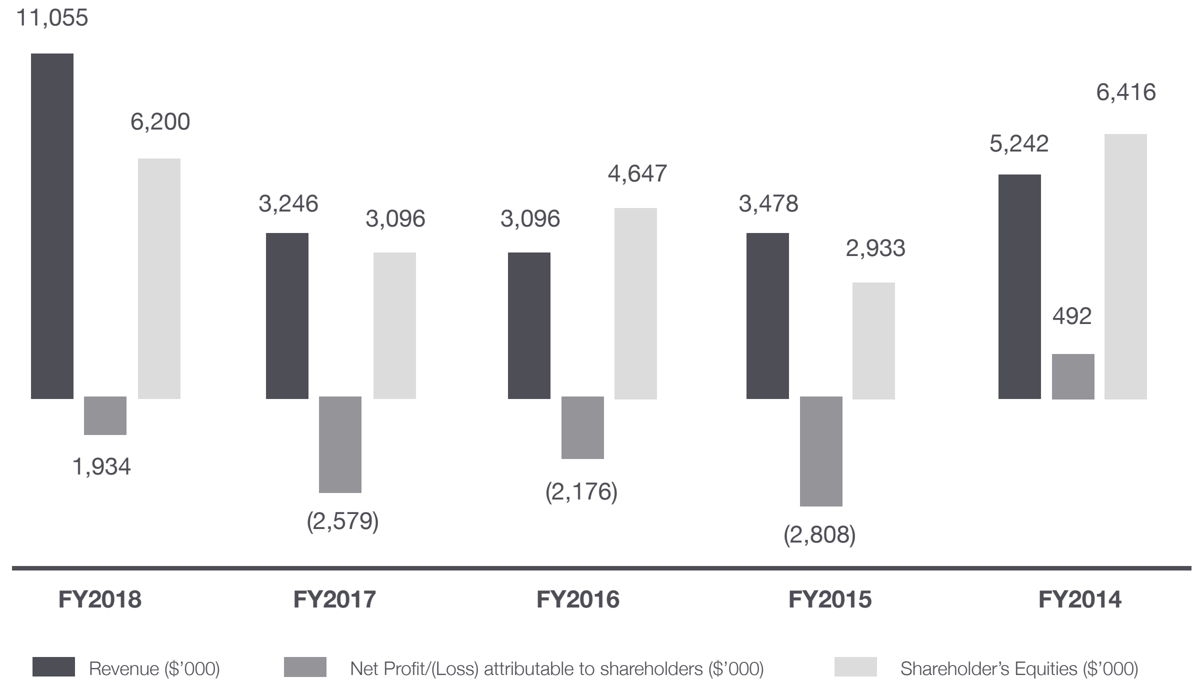
FIVE-YEAR FINANCIAL HIGHLIGHTS

Five Year's Performance

The Group	FY2014	FY2015	FY2016	FY2017	FY2018
For the Year					
Revenue ($'000)	5,242	3,478	3,096	3,246	11,055
Net Profit/(Loss) attributable to shareholders ($'000)	492	(2,808)	(2,176)	(2,579)	(1,934)
Earning/(loss) Per Shares (cents)	0.01	(0.09)	(9.22)	(2.40)	(0.20)
At Year End					
Shareholder's Equities ($'000)	6,416	2,933	4,647	3,096	6,200
Working Capital ($'000)	4,399	2,745	4,588	2,983	4,858
Cash & Cash Equivalent ($'000)	2,631	1,499	1,248	1,026	903
Net Assets Per Shares (cents)	0.21	0.10	19.71	2.88	0.52
Selected Financial Ratios					
Current Ratio	1.90	1.70	3.61	2.30	5.59
*Gearing Ratio	–	–	0.01	–	–

Note: *Interest Bearing Debts/Shareholder's Equities

Five Year's Performance



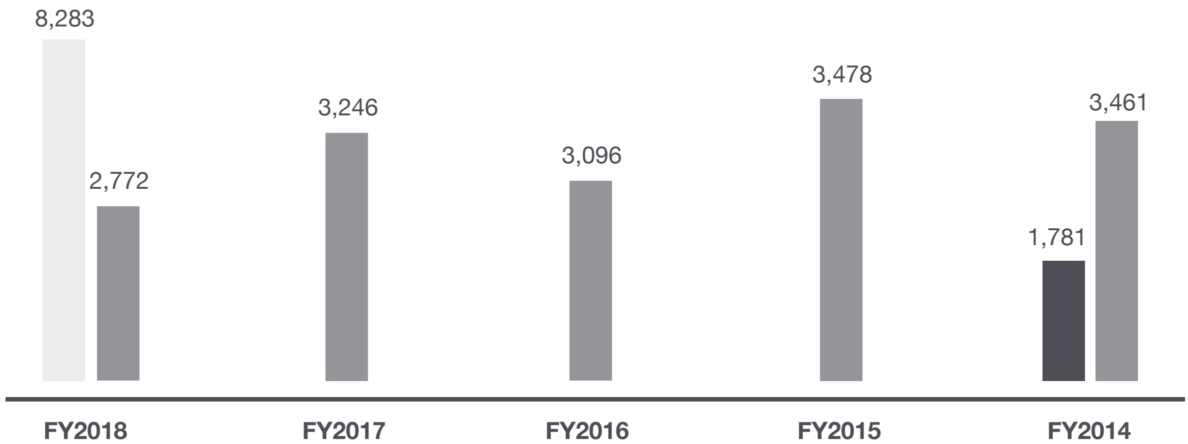
FIVE-YEAR FINANCIAL HIGHLIGHTS

Five Year's Performance for Different Business Segments

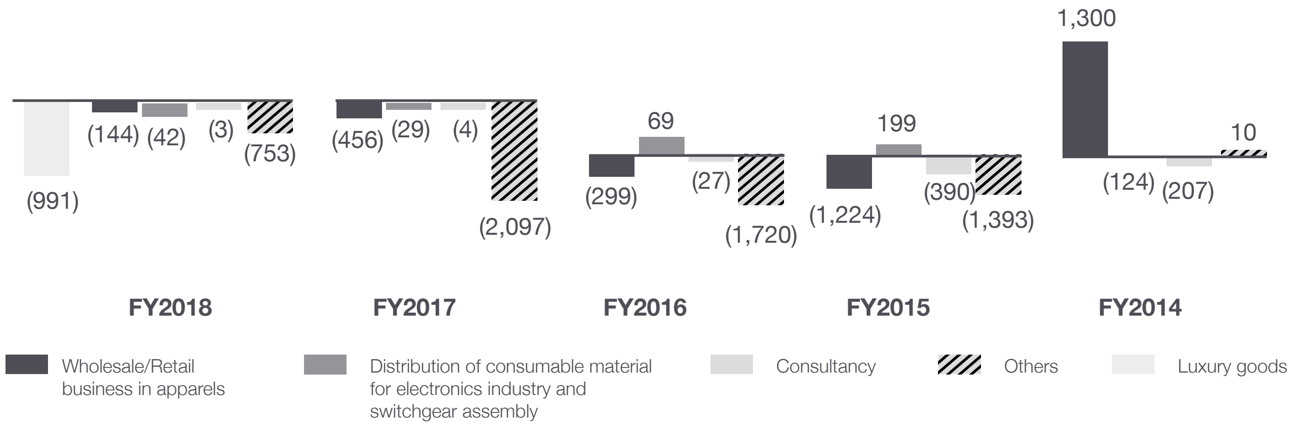
	FY2014	FY2015	FY2016	FY2017	FY2018
Revenue for Different Segment of Business ($'000):					
Wholesale/Retail business in apparels	1,781	–	–	–	–
Distribution of consumable material for electronics industry and switchgear assembly	3,461	3,478	3,096	3,246	2,772
Luxury goods	–	–	–	–	8,283
Consultancy	–	–	–	–	–
Others	–	–	–	–	–
Profit/(Loss) before Interest and Tax for Different Segment of Business ($'000):					
Wholesale/Retail business in apparels	1,300	(1,224)	(299)	(456)	(144)
Distribution of consumable material for electronics industry and switchgear assembly	(124)	199	69	(29)	(42)
Luxury goods	–	–	–	–	(991)
Consultancy	(207)	(390)	(27)	(4)	(3)
Others	10	(1,393)	(1,720)	(2,097)	(753)

Five Year's Performance for Different Business Segments

Revenue for Different Segment of Business ($'000)



Profit/(loss) before interest and tax for different Segments of Business ($'000)



DIRECTORS' PROFILE

MR CHRISTIAN KWOK-LEUN YAU HEILESEN
Executive Director

Mr. Christian Kwok-Leun Yau Heilesen was appointed as an executive director of Vashion Group Ltd. on 23 November 2015. Mr. Heilesen is an Internet entrepreneur and founded an internet and mobile value added services company in August 2003. He discovered the potential of online business when he was working part-time after school in his hometown, Copenhagen, Denmark. In 1999, Mr. Heilesen started using his own network of high traffic websites to bring traffic to Fortune 500 advertisers through affiliate programs such as Commission Junction and Websponsors. After graduating from college in 2002, Mr. Heilesen decided to leave Copenhagen and to further develop online business opportunities in Hong Kong. Mr. Heilesen has 10 years of experience dealing with corporate finance, investment activities and banking facilities.

MR LEUNG KWOK KUEN JACOB
Independent Director

Mr. Leung Kwok Kuen Jacob was appointed Non-Executive and Non-Independent Director of Vashion Group Limited on 23 November 2015. Mr. Leung was redesignated as Independent Non-Executive Chairman of the Board on 15 March 2018. He is the Chairman of Remuneration and Nominating Committees of the Group. Mr. Leung has extensive experience in administrative management. From 2003 to April 2016, he assisted the incorporation of Eternal Peal Securities Limited ("Eternal Pearl") in Hong Kong, a licensed corporation to conduct type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance, Cap. 571 f the Laws of Hong Kong (the "SFO"). Since the incorporation of Eternal Pearl, Mr. Leung has been the Administrative Manager and responsible for overseeing its support operations, planning, organizing and implementing its administrative systems. In addition, he has been a Non-Executive Director of Echo International Holdings Group Limited (listed company in the Growth Enterprise Market of the Stock Exchange of Hong Kong) since September 2015 and he was redesignated as Executive Director on 27 August 2017.

MS ZHOU JIA LIN
Non-Executive and Non-Independent Director

Ms. Zhou Jia Lin was appointed Non-Executive and Non-Independent Director of Vashion Group Limited on 26 October 2010. Having worked as a director of Pinnacle Investment Hong Kong from 1998 to 2002 where she first started, she later undertook corporate finance projects and assisting in looking for viable businesses to invest in. Her many years of involvement in investment businesses brought her to expand and diversify her existing investment portfolio into Vashion Group. In her investment portfolio, she has a wide network with corporate finance professionals, capital advisors and bankers exploring other potential tie-ups, acquisitions, investments and alternative investment opportunities both in China and overseas.

DIRECTORS' PROFILE

MS EUNICE VEON KOH PEI LEE
Independent Director

Ms. Eunice Veon Koh Pei Lee graduated from Royal Melbourne Institute of Technology with Bachelor of Economics & Finance in 2007, was appointed Independent Director on 7 September 2017. Ms. Eunice has experience of working in Global Payment Asia Pacific (S) Pte Ltd as business development executive and as equity dealer various securities firms.

MR LEUNG YU TUNG STANLEY
Independent Director

Mr. Leung Yu Tung Stanley, a Chartered Accountant of Hong Kong Institute Certified Public Accountants and Association of Chartered Certified Accountants (ACCA), and graduated from the Hong Kong Polytechnic University with Bachelor of Arts (Hons) Accountancy in 2003 and Master of Professional Accounting in 2010, was appointed as Independent Director of Vashion Group Ltd on 6 October 2017. He is the Chairman of Audit Committees of the Group. Mr. Leung has extensive audit and accounting experience. Between 2001 and 2007, he was working as audit senior in various audit firms in Hong Kong. He is the financial controller at Luen Hing Textile Company Limited since 2013.

MANAGEMENT **PROFILE**

MR CHAN KA KI

Chief Financial Officer, Vashion Group Ltd, Singapore

Mr. Chan Ka Ki was appointed as the Chief Financial Officer of Vashion Group Ltd on 7 April 2014. He is responsible for the full spectrum of the financial and accounting functions of the Group. Mr. Chan has 15 years of financial management and reporting experience in Hong Kong and Malaysia. He was an Independent Director of a company listed in Malaysia. He graduated from Monash University, Australia with a Bachelor in Accounting and is a member of both Certified Practicing Accountants (Australia) and Hong Kong Institute of Certified Public Accountants.

MR CHOO TIAN WANG

Sales and Operations Manager, Hi-Tech Distribution Pte Ltd

Mr. Choo Tian Wang was appointed General Manager of Hi-Tech Distribution Pte Ltd and Chemitec Industrial Pte Ltd effectively in 2014. He has more than 20 years' experience holding positions in sales and management in the electronic material business. Mr Choo graduated from the Singapore Polytechnic with a Diploma In Chemical Process Technology (Polymer) and he also holds a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

MR YONG KUEN SHOO

General Manager, Switech Systems and Marketing Pte Ltd

Mr. Yong Kuen Shoo was appointed as General Manager of Switech Systems and Marketing Pte Ltd on 1 August 1994. His primary responsibility covers the purchasing, sales and marketing and administrative functions and tasks for this division. He was the product manager in Esco M&E Industries (S) Pte Ltd prior to joining the company. He graduated from the Chartered Institute of Marketing (UK) with a Diploma in Marketing. He holds both an Industrial Technician Certificate from the Singapore Technological Institute and a Full Technological Certificate in Electrical Engineering from City & Guilds (London). Mr Yong has approximately some 30 years of experience in this electrical industry, many of which were accumulated from the planning, execution and completion of many local and overseas projects.

MR YAP SOO KIAT

Operations Manager, Switech Systems and Marketing Pte Ltd

Mr. Yap Soo Kiat was appointed as Operations Manager of Switech Systems and Marketing Pte Ltd on 1 August 1994. Prior to Switech, Mr Yap was with Esco M&E Industries (S) Pte Ltd. He holds both an Industrial Technician Certificate from the Singapore Technological Institute and a Full Technological Certificate in Electrical Engineering from City & Guilds (London). After the stint as Operations Manager at Esco, he and Collin Yong took the major step to start up Switech System & Marketing Pte Ltd in 1993. Collectively, Mr Yap has more than 30 years relevant experience in the various aspects of switchgear business, including project management, engineering design, production, installation and maintenance.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman,
Independent Director
Mr. Leung Kwok Kuen Jacob
Executive Director
Mr. Christian Kwok-Leun Yau Heilesen
Non-Executive Non-Independent Director
Ms. Zhou Jia Lin
Independent Director
Ms. Eunice Veon Koh Pei Lee
Independent Director
Mr. Leung Yu Tung Stanley

COMPANY SECRETARY

Foo Soon Soo

REGISTERED OFFICE

Harvest @ Woodlands
280 Woodlands Industrial Park E5
#10-50, Singapore 757322
Tel: (65) 6268 9565
Fax: (65) 6268 9735
Email : info@vashiongroup.com

SHARE REGISTRAR

KCK Corpserve Pte Ltd
333, North Bridge Road, #08-00
KH KEA Building
Singapore 188721

AUDITORS

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road
#29-15, International Plaza,
Singapore 079903
Partner-in-charge:
Ms. Lao Mei Leng
(Appointed during the financial year ended
31 December 2017)

BANKERS

United Overseas Bank Ltd
Overseas Chinese Banking Corporation
DBS Bank Ltd
Malayan Banking Berhad

CORPORATE **GOVERNANCE STATEMENT**

The Board of Directors (the "**Board**") of Vashion Group Ltd (the "**Company**") is committed to ensuring and maintaining a high standard of corporate governance within the Group. This report describes the corporate governance framework and practices of the Company with specific reference to the principles and guidelines set out in the 2012 Code of Corporate Governance (the "**Code**") and areas of non-compliance have been explained in the report.

Board Matters

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

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

Role of Board of Directors

The Board's primary role is to protect and enhance long-term shareholders' value. It provides entrepreneurial leadership, sets the overall strategy for the Group and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets, supervises the Management and review management performance and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group at all times as fiduciaries in the interests of the Company.

The responsibilities of the Board include the following:

(a) identify the key stakeholder groups and recognise that their perceptions affect the company's reputation;

(b) set the company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(c) oversees the overall strategic plans including sustainability, environmental and social factors as part of its strategic formulation and financial objectives of the Group.

All directors discharge their duties and responsibilities at all times as fiduciaries in the interest of the Group and exercise due diligence in dealing with the business affairs of the Group and are obliged to act in good faith in the interest of the Group.

Delegation by the Board

Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Investment Committee ("**IC**") (hereinafter referred as "**Board Committees**") have been constituted to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The Board Committees function within clearly defined terms of references and operating procedures which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board.

There was no Investment Committee meeting held since FY2015. The following table discloses the number of Board and other Board Committee meetings held for the financial year 2018.

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of Meetings held during financial year ended 31 December 2018	2	2	1	1

Name of Directors	Number of Meetings Attended			
	Board	Audit Committee	Remuneration Committee	Nominating Committee
Mr Christian Kwok-Leun Yau Heilesen	1	–	–	–
Mr Leung Kwok Kuen Jacob	2	2	1	1
Ms Zhou Jia Lin	1	1	1	1
Ms Eunice Veon Koh Pei Lee	1	–	–	–
Mr Stanley Leung Yu Tung	2	2	–	–

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews and provision of guidance and advice on various matters relating to the Group. The minutes of the Board and Committee meetings will be circulated to all directors including those absent from the meeting and the absent director will be given opportunity to contribute their valuable feedback through email or conference call if required. The Board has noted that this arrangement is effective to assist the Board for making decisions.

Reserved matters for Board's approval

Matters specifically reserved to the Board for its approval are:

- Issuing of shares
- Bank borrowing
- Material acquisitions or disposal of assets
- Approval of half-yearly and year-end results announcement and other public announcements
- Secretarial matters
- Appointments of officers and persons related to CEO and executive director
- Establishment of Board Committees

Orientation, briefings, updates and trainings for Directors in FY2018

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations. Incoming directors joining the Board will be briefed by the NC on their directors' duties and obligations and be introduced to the Group's business and governance practices and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. The Company provides training and/or briefing for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of directors is arranged and funded by the Company.

The incoming director will meet up with the senior management and the Company Secretary to familiarize himself with their roles, organization structure and business practices. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

During the financial year reported on, the Directors had received updates on regulatory changes to the Listing Rules, amendments to the Companies Act and the accounting standards. The Executive Director updates the Board at each Board meeting on business and strategic developments. The management highlights the salient issues as well as the risk management considerations for the entire business of the Group.

Board Composition

The Board examines its size to satisfy that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The Directors are also from diverse background and areas of expertise, such as accounting, business management and finance and information technology. The Directors bring to the Board their related experience, knowledge and also provide guidance in the various Board Committees, that is, the AC, RC, NC and IC. Key information regarding the Directors is provided on page 9 & 10 of this annual report.

The Board of Directors currently comprises five directors, three of whom are Independent Directors. The Board members are:

Mr Leung Kwok Kuen Jacob	(Independent Non-Executive Chairman and Independent Director)
Mr Stanley Leung Yu Tung	(Independent Director)
Ms Zhou Jia Lin	(Non-Executive and Non-Independent Director)
Mr Christian Kwok-Leun Yau Heilesen	(Executive Director)
Ms Eunice Veon Koh Pei Lee	(Independent Director)

The Board has considered the present Board size and is satisfied that the current size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations.

Non-executive Directors constructively challenge and help develop proposals on strategy, and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The Board and the Management engage in open and constructive debate and challenge the Management on its business proposals. A board should also aid in the development of strategic proposals and oversees the effective implementation by Management to achieve set objective.

Independent Directors

The Board of Directors has three directors who are independent members. The criteria for independence are determined based on the definition provided in the Code.

The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgement with a view to the best interests of the Company.

The Independent Directors, Mr Leung Kwok Kuen Jacob, Ms Eunice Veon Koh Pei Lee and Mr Stanley Leung Yu Tung have confirmed their independence and they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. The NC is of the view that Mr Leung Kwok Kuen Jacob, Ms Eunice Veon Koh Pei Lee and Mr Stanley Leung Yu Tung have engaged the Board in constructive discussion, their contributions are relevant and reasoned, and they have exercised independent judgment without dominating the Board discussions. The NC has reviewed and considered them to be independent. While none of the Independent Directors have served on the Board for a period exceeding nine years from the date of their first appointments, nonetheless the NC will review succession plans for directors and will seek to refresh the Board in an orderly manner where it deems appropriate. Mr Leung Kwok Kuen Jacob and Ms Eunice Veon Koh Pei Lee have each abstained from the NC's deliberation and decision on their independence.

Board Processes

To assist in the execution of its responsibilities, the Board has established an AC, NC, RC and IC. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis by the Board. The Board also constantly reviews the effectiveness of each committee.

The Board meets as and when necessary to address any specific significant matters that may arise.

CORPORATE **GOVERNANCE STATEMENT**

The Board considers its Non-Executive Director and Executive Director to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes.

To facilitate a more effective check on Management, Independent directors would meet at least once a year without the presence of Management

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

Chairman and Chief Executive Officer

The Company does not have a Chief Executive Officer. The Company tasked its sole Executive Director, Mr Christian Kwok-Leun Yau Heilesen to oversee the day-to–day management of the Company and the Group's affairs. The functions of Independent Non-Executive Chairman and the Executive Director are assumed by 2 individuals, Mr Leung Kwok Kuen Jacob and Mr Christian Kwok-Leun Yau Heilesen respectively. As the Company has a separate Independent Non-Executive Chairman and an Executive Director, there is a balance of power and authority, increased accountability and greater capacity of the Board. The roles of Independent Non-Executive Chairman and Executive Director are separate and they are not related. Mr Leung Kwok Kuen Jacob as Independent Non-Executive Chairman, is primarily responsible for overseeing the overall management and strategic development of the Company.

His responsibilities include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- Chairing meetings on key strategic development and investment plans;
- Ensuring regular meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda (in consultation with the Executive Director and CFO) and set the agenda to ensure that adequate time is available for discussion of all agenda items, particularly strategic issues;
- Promoting a culture of openness and debate at the Board's level;
- Ensuring that the directors receive complete, adequate and timely information;
- Ensuring the Company is in compliance with the Code;
- Reviewing board papers that are presented to the Board;
- Ensuring effective communication with shareholders;
- Encouraging constructive relations within the Board and between the Board and Management;
- Facilitating the effective contribution of non-executive directors in particular; and
- Promoting high standards of corporate governance.

In assuming his roles and responsibilities, as Mr Leung Kwok Kuen Jacob consults with the Board, AC, NC, RC and IC on major issues in the future time and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

The Executive Director, Mr Christian Kwok-Leun Yau Heilesen reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

The Independent Directors meet periodically without the presence of other directors.

The roles of the Independent Non-Executive Chairman and the Executive Director are distinct and separate. The Independent Directors and the Executive Director individually and collectively are available to shareholders as a channel of communication between shareholders and the Board or Management.

Board Committees

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

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

Nominating Committee

The NC comprises the following members: -

Mr Leung Kwok Kuen Jacob	(Chairman and Independent Director)
Ms Eunice Veon Koh Pei Lee	(Member and Independent Director)
Ms Zhou Jia Lin	(Member and Non-Executive Non-Independent Director)

The primary function of the NC is to determine the criteria for identifying candidates and to review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows: -

a. to make recommendations to the Board on all board appointments and re-nominations having regard to the director's contribution and performance (eg. attendance, preparedness, participation, candour and any other salient factors);

b. to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

c. to determine annually whether a Director is independent, in accordance with the independence guidelines contained in the Code;

d. to decide whether a Director is able to carry and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations;

e. to decide how the Board's performance may be evaluated and to propose objective performance criteria;

f. to review the Board's succession plans for directors, particularly, the Independent Non-Executive Chairman of the Board and the CEO/ Executive Director; and

g. to review training and professional development programs for the Board.

Determining Directors' Independence

The NC has conducted an annual review of the independence of the Independent Directors, using the criteria of independence in the Code, and has ascertained that they are independent.

Multiple Board Representations

The NC had considered and the Board had concurred that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. It is for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively. A safeguard is the annual review by the NC of each Director's time commitment and performance and assessment whether each Director has discharged his duties adequately.

Alternate Director

The Company does not have any Alternate Director.

Selection, Appointment and Re-appointment of directors

The Company has in place the policy and procedures for the appointment of new directors, including the search and nomination process. The search for a suitable candidate could be drawn from contacts and the network of existing Directors. The NC can approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.

The NC will deliberate and propose the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include, among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions.

New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board. New directors joining the Board would receive a formal appointment letter setting out their duties and obligations, be briefed by the NC on their directors' duties and obligations and introduced to the Group's business and governance practice and, particularly, the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Group, prohibitions on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

The Constitution of the Company requires one-third of the Board to retire from office at each annual general meeting. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Pursuant to the Constitution of the Company, Mr Christian Kwok-Leun Yau Heilesen and Ms Zhou Jia Lin will retire by rotation at the forthcoming annual general meeting and are eligible for re-election. The NC has recommended to the Board, the re-election of Mr Christian Kwok-Leun Yau Heilesen and Ms Zhou Jia Lin at the forthcoming Annual General Meeting ("AGM"). Ms Zhou Jia Lin has abstained from the NC's deliberation and recommendation relating to her re-election.

In making recommendation for the purpose of re-nomination of these Directors, the NC has taken into consideration these Directors' contribution and performance. The Board has accepted the NC's recommendation.

Key Information of Directors

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the retiring Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

Name of Director	Zhou Jia Lin	Christian Kwok-Leun Yau Heilesen
Date of Appointment	26 October 2010	23 November 2015
Date of last re-appointment	27 April 2017	29 April 2016
Age	46	35
Country of principal residence	Hong Kong	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria and the search and nomination process	The re-election of Ms Zhou as the Non-Executive Non-Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, past experience and overall contribution since she was appointed as a Director of the Company.	The re-election of Mr Heilesen as the Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive, Mr Heilesen is responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Non-Independent Director, AC member, NC member and RC member.	Executive Director
Professional qualifications	• Graduated from high school	• Graduated from high school
Working experience and occupation(s) during the past 10 years	**2003 – Present** Individual investor	**November 2015 – Present** Executive Director, Vashion Group Ltd. **2012 – Present** **Director,** Primeworth (M) Sdn Bhd **2003 – 2012** Chief Executive Officer, Funmobile Limited
Shareholding interest in the listed issuer and its subsidiaries	None	Mr Heilesen is deemed interested in the 337,583,826 shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in 22,110,000 shares held by Go Best Holdings Limited which ultimate holding company is the trustee of CKLY Family Trust (which the beneficiaries are family members of Mr Heilesen).

Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	Holds 51% interest in one of the Group's associate, where the Company holds 49% interest in that associate
Other Principal Commitments including Directorships		
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Past (for the last 5 years)	1. Echo International Holdings Group Limited	Nil
Present	Nil	Nil
Information required pursuant to Catalist Rules 704(6) and/or 704(7)		
(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?	None	None
(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?	None	None
(c) Whether there is any unsatisfied judgment against him?	None	None

(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?	None	None
(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?	None	None
(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?	None	None
(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?	None	None
(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?	None	None
(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?	None	None

CORPORATE GOVERNANCE STATEMENT

(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	None	None
(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	None	None
(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	None	None
(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?	None	None
(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?	None	None
Disclosure applicable to the appointment of Director only		

Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring. the director to undergo training as prescribed by the Exchange (if applicable).	Yes. Ms Zhou was appointed as Executive Director of Echo International Holdings Group Limited, listed on Growth Enterprise Market of the Stock Exchange of Hong Kong.	Yes. Mr Heilesen was appointed as an Executive Director of Industronics Berhad, listed on main market of the Bursa Malaysia Securities Berhad. He has also attended director training on 16 August 2018.

Board Performance

Each year, the Directors are to complete evaluation forms to assess the overall effectiveness of the Board and the Board Committees, as well as conduct a self-assessment. The results of the evaluation exercise were considered by the NC, which then made recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

In assessing the Board's effectiveness, the NC considers a number of factors, including the discharge of the Board's functions, access to information, Directors' participation at board meetings and communication and guidance given by the Board to top management.

In evaluating the Board's performance, the NC implements an assessment process that requires each Director to submit an assessment form of the performance of the Board as a whole during the financial year under review. This assessment process takes into account, inter alia, performance indicators such as the Board composition, maintenance of independence, Board information, Board process, Board accountability, communication with Management and standard of conduct. The results of the assessment exercise were reviewed by the NC and the NC also considered the contribution by each director towards the achievement of the Board for each of the performance indicator.

The contribution of each individual Director to the effectiveness of the Board and Board Committees, where the individual director sits on Board Committee(s) is assessed individually and reviewed by the NC Chairman. The assessment criteria include, inter alia, commitment of time, knowledge and abilities, teamwork, overall effectiveness. The NC's evaluation is shared with the Board and the Chairman would act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

The NC has reviewed the overall performance of the Board and Board Committees in terms of each role and responsibilities and the conduct of individual Directors' performance individually and contribution to the Board and Board Committees as the case may be for FY2018 and is of the view that the performance of the Board as a whole, the Board Committees and each individual Director, has been satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given to the Group by these Directors.

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

Access to Information

The Board has separate and independent access to senior management and the Company Secretary at all times. Management deals with requests for information from the Board promptly as needed to make informed decisions. The Board is informed of all material events and transactions as and when they occur.

Information provided included board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements and as and when requested by directors. In respect of budgets, any material variance between the projections and actual results are disclosed and explained by the CFO where appropriate.

The Company Secretary assists the Board to ensure that board procedures are followed and that the Company complies with all rules and regulations that are applicable to the Company.

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

Directors should have separate and independent access to the company secretary. The role of the company secretary is to ensure that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its board committees and, advising the Board on all corporate governance matters as well as facilitating orientation and assisting with professional development as required. The company secretary or her representative attends all board meetings.

The appointment of the company secretary is a matter for the Board as a whole and the resignation of the company secretary is for noting by the Board.

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

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

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

Remuneration Committee

The RC comprises three directors, the majority of whom are non-executive and independent.

Mr Leung Kwok Kuen Jacob	(Chairman and Independent Director)
Ms Eunice Veon Koh Pei Lee	(Member and Independent Director)
Ms Zhou Jia Lin	(Member, Non-Independent and Non-Executive Director)

RC will have access to expert advice in the field of executive compensation outside the Company when required. For FY2018, the Company has not engaged any remuneration consultant.

The RC's role is to review and approve recommendations on remuneration policies and packages for the Directors and key management personnel. The review will cover all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonus, options and benefits in kind. The RC's recommendations are made in consultation with the Independent Non-Executive Chairman of the Board and submitted for endorsement by the entire Board.

The payment of fee to Directors is subject to approval at the annual general meeting of the Company. No Director is involved in deciding his own remuneration.

The RC reviews the company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their responsibility and performance and that of the Company, giving due regard to the financial and business needs of the Group.

In addition, in discharging its functions, the RC may obtain independent external professional advice as it deems necessary and the cost of which will be borne by the Company.

Each member of the RC shall abstain from voting on any resolutions in respect of his or her own remuneration package. Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC may review whether Executive directors and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive Directors and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability. Currently, the Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

The Board concurred with the RC that the proposed Directors' fees for the year ended 31 December 2018 is appropriate and that the independent directors receive directors' fee in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognizes the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.

The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage independent directors to hold shares in the Company. However, the RC may consider implementing the schemes that encourage non-executive directors to hold shares in the company so as to better align the interests of such non-executive directors.

Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company. However, having reviewed and considered there is no variable incentive components of the remuneration of Executive Directors and the key management personnel, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.

In setting remuneration packages, the company will take into consideration of pay and employment conditions within the industry and in comparable companies.

Remuneration Matters

The Board has recommended a fixed fee for Non-Executive Directors, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The fee of Non-Executive Directors will be subjected to shareholders' approval at the Annual General Meeting.

The remuneration of Executive director and key management personnel comprises a basic salary based on the performance of the Group and their individual performance.

A breakdown showing the level and mix of each Director's and key executives remuneration paid and payable for Financial

Year 2018 is as follows:

Name of Director	Salary (S$)	Bonus (S$)	Other Benefits (S$)	Directors' Fee (S$)	Total (S$)
Mr Christian Kwok-Leun Yau Heilesen	247,742	–	268,383	–	516,125
Mr Leung Kwok Kuen Jacob	–	–	–	30,000	30,000
Ms Zhou Jia Lin	–	–	–	56,882	56,882
Ms Eunice Veon Koh Pei Lee	–	–	–	30,000	30,000
Mr Leung Yu Tung Stanley	–	–	–	30,000	30,000

Name of Top 5 Executives	Salary %	Bonus %	Other Benefits %	Total %	Total Remuneration in Compensation Bands of $250,000
Mr Chan Ka Ki, Chief Financial Officer	100	–	–	100	<$250,000
Mr Choo Tian Wang, General Manager	100	–	–	100	<$250,000
Mr Yong Kuen Shoo, General Manager (resigned on 21 December 2018)	100	–	–	100	<$250,000
Mr Yap Soo Kiat, General Manager	100	–	–	100	<$250,000

In aggregate, the total remuneration paid to the top four key management executives in the financial year ended 31 December 2018 was S$252,341.

The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the actual remuneration of each key management personnel pursuant to Rule 1204(12) of the Catalist Rules and Guideline 9.2 of the Code would not be in the interests of the Company as such information is confidential and sensitive in nature, and can be exploited by competitors.

Immediate Family Member of Directors or the CEO

There were 2 employees during the financial period from 1 January 2018 to 31 December 2018 who were immediate family members of Executive Director whose remuneration exceeded S$50,000.

Mr Henrick Yau Kwok Hang Heilesen is brother of Executive Director and Ms Siu Yik Tung is spouse of Executive Director. The remuneration of Mr Henrick Yau Kwok Hang Heilesen fell within the band of S$200,000 and S$250,000 and Ms Siu Yik Tung fell within the band of S$150,000 and S$200,000.

Save as disclosed, there are no other employees who are immediate family members of a Director whose remuneration exceed S$50,000 for FY2018.

In setting the remuneration packages of the Executive Directors and officers, the Company takes into account of the contribution of the Executive Directors and officers to the group and that is aligned with long term interest and risk policies of the Group.

Performance Share Plan

Vashion Performance Share Plan was approved by the shareholders at an extraordinary general meeting held on 6 September 2017. The RC administers the Scheme in accordance with the rules of the Scheme.

The Scheme, which forms an integral component of the Company's compensation plan, is designed to reward and retain eligible participants whose services are vital to the well-being and success of the Company. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate, and also increases the dedication and loyalty of these participants and motivates them to perform better. The share option is granted based on performance criteria such as the position of the eligible employee, length of service and the performance score achieved by the eligible employee. No employees had met the performance criteria for FY2018.

Under the rules of the Scheme, Executive Directors and Non-Executive Directors (including Independent Directors) and employees of the Group, who are also controlling shareholders are eligible to participate in the Scheme.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans (where applicable) of the Company, shall not exceed 15% of the issued share capital of the Company on the date preceding the grant of the options.

The number of options to be offered to a participant shall be determined at the discretion of the RC which shall take into account criteria such as rank, past performance, years of service and potential for future development of that participant. However, in relation to the associates of the controlling shareholders, the aggregate number of shares which may be offered shall not exceed 25% of the total number of shares available under the Scheme and the aggregate number of shares which may be offered to each associate of the controlling shareholders shall not exceed 10% of the shares available under the Scheme.

The options that are granted under the Scheme may have exercise prices that are, at the RC's discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for the shares on the Official List of the SGX-ST Mainboard for the five consecutive trading days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the options.

The Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

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

The Board is accountable to the shareholders and is mindful of its obligations to ensure compliance with the statutory requirements and Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Catalist Rules"). The Directors have each signed the respective undertaking in the form set out in Appendix 7H of the Catalist Rules to undertake to use their best endeavours to comply with the Catalist Rules and to procure that the Company shall so comply. The Directors have also procured a similar undertaking by the Chief Financial Officer and the Finance Manager in their capacity as Executive Officers.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods. The Board also undertakes such effort in respect of other price sensitive public reports and reports to regulators, where required.

Management provides all members of the Board with management accounts which presents a balanced and understandable assessment of the Group's performance, position and prospects on quarterly basis. Board deems quarterly reporting is sufficient given the current business operations of the Company. As and when circumstances arise, the Board can request management to provide the management accounts of the Group on monthly basis.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements by briefings received from external service providers, namely, the external auditors on the changes of the accounting standards in Singapore and the company secretary on changes to the listing requirements and amendments of the Companies Act, where applicable.

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

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

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

Risk Management

The Board determined the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.

The AC oversees the Group's risk management process, through reviewing the adequacy and effectiveness of the risk management policy, practices and strategies. It also has oversight of key risk exposures and will in turn report to the Board of Directors on all risk matters. As the oversight of risk vests with the AC, the Board does not see the need to form a separate risk management committee comprising AC members.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or hedge against fluctuation in interest rates and foreign exchange rates. The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Report on pages 99 to 112 of the Notes to the Financial Statements.

Annually, the Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance, information technology controls and risk management system. These reviews are carried out internally or with the assistance of internal auditors appointed during the financial year just ended.

For the financial year ended 31 December 2018, the Board has received assurance from the Executive Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the effectiveness of the Company's risk management and internal controls system.

The Group has implemented a stringent cost and cash flow management and all expenses would be approved by the top management and monthly cash flow forecast for next twelve months would be circulated to the Board for monitoring and necessary actions.

Internal Audit and Internal Controls

The Group has outsourced its internal audit function to Virtus Assure Pte. Ltd. ("**Virtus**"). The Board and AC approve the hiring, removal, evaluation and compensation of the internal auditors. Virtus has confirmed their independence as internal auditor to the Board.

The IA plan their audit schedules in consultation with, but independent of, the management. The IA plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the IA, and meets with the internal auditor to approve their plans and to review their report for the prior reporting period.

The IA will report their audit findings and recommendations directly to the Chairman of the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The Board is of the opinion that the key financial, operational, compliance and information technology risks of the Group have been reduced materially, the revised system of internal controls recommended by Virtus have adequately addressed the key financial, operational, compliance and information technology risks of the Group.

Based on the Group's existing management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, is of the view that the internal control systems of the Group, addressing the financial, operational and compliance, information technology and risk management system are adequate and effective as at 31 December 2018. The AC concurred with the Board.

The Board, having considered and assessed the suitability, adequacy of resources and experience of Virtus, is satisfied that the appointment of Virtus would assist and not compromise the standard and effectiveness of the internal audit of the Company.

The Board are of the view that the IA function being conducted by Virtus is staffed with persons with relevant qualifications and experience. IA has carried out its function according to the standards set by nationally or internationally recognized professional included the Standard for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC is satisfied and commented that the internal audit function is independent, effective and adequately resourced.

Audit Committee (AC)

The AC comprises three directors, the majority of whom are non-executive and independent. The members of the AC are:

Mr Stanley Leung Yu Tung	(Chairman and Independent Director)
Mr Leung Kwok Kuen Jacob	(Member and Independent Director)
Ms Zhou Jia Lin	(Member, Non-Independent and Non-Executive Director)

The Chairman of the AC is Mr Stanley Leung Yu Tung, a member of Hong Kong Institute of Certified Public Accountant. Mr Leung Kwok Kuen Jacob has extensive experience in administrative management. Ms Zhou Jia Lin has 15 years of management and investment experience. The Board is of the view that the members of the AC are appropriately qualified, having accounting or related financial and management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The role and functions of the AC are specified in the Companies Act, Chapter 50 and is guided by the AC's Terms of Reference adopted by the Board, which are as follows:-

a. review annually with the external auditors the scope, audit plan, their evaluation of the system of internal accounting controls, their audit report, the independence and objectivity, their management letter and the management's response;

b. review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls and internal audit function, including financial, operational, compliance and information technology controls;

c. review the interim and annual financial statements, announcements and balance sheets and income statements before submission to the Board for its approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with Financial Reporting Standards as well as compliance with any stock exchange and statutory regulatory requirements;

d. ensure co-ordination between the external auditors and the management, review the assistance given by management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);

e. review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

f. consider the appointment or re-appointment of the external auditors, the audit fee, and matters relating to the resignation or dismissal of the auditors;

CORPORATE GOVERNANCE STATEMENT

g. the AC shall meet with the external auditors and internal auditor without the presence of the Company's management at least once a year;

h. Review transactions falling within the scope of the Audit Committee Charter in respect of Interested Person Transactions and the Rules of Catalist;

i. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

j. generally undertake such other functions and duties as may be required under the Audit Committee Charter, by statute or the Rules of Catalist, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The Board is satisfied that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions. The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The Company confirms that it has complied with Catalist Rules 712 and 715. The Company engaged Moore Stephens LLP, registered with the Accounting and Corporate Regulatory Authority, as the external auditors of the Company and all of its Singapore subsidiaries. The Company also engaged Lau & Au Yeung C.P.A. Limited, registered with the Hong Kong Institute of Certified Public Accountants, as the external auditors of all Hong Kong subsidiaries. The Board and the Audit Committee are satisfied that the appointment of different auditors for its Hong Kong subsidiaries would not compromise the standard and effectiveness of the audit of the Group, and accordingly, Rule 716 of the Catalist Rules has been complied with.

The audit fees to external auditors in 2018 were S$149,398 and there is no non-audit service rendered by external auditor.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, discussions are held with the External Auditors when they attend the AC meetings every half yearly. The AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

The AC has recommended to the Board of Directors that the external auditors, Moore Stephens LLP be nominated for re-appointment as auditors at the forthcoming AGM of the Company.

The Company has in place a whistle-blowing framework where staff of the Company can access the AC Chairman to raise concerns about improprieties.

Employees are free to bring complaints in confidence to the attention of their supervisors. The recipient of such complaints shall forward them promptly to the AC Chairman. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Following investigation and evaluation of a complaint, the AC Chairman shall report to the AC on recommended disciplinary or remedial action, if any. The action determined by the AC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorization and implementation respectively. An employee can access the AC Chairman directly to raise concern if he feels that it could not be effectively addressed at managerial level.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

Investment Committee (IC)

The IC was formed on 17 October 2013 which comprises the following members: -

Mr Stanley Leung Yu Tung	(Chairman and Independent Director)
Mr Leung Kwok Kuen Jacob	(Member and Independent Director)
Ms Zhou Jia Lin	(Members and Non-Executive and Non-Independent Director)
Mr Christian Kwok-Leun Yau Heilesen	(Member and Executive Director)
Ms Eunice Veon Koh Pei Lee	(Members and Independent Director)

The principal objectives of IC are, among others:

Fund raising:

– To determine the Group's cash flow and funding needs and work with the finance department to ensure that those needs can be met by cash flows derived from operations and/or fund raising activities.

– To formulate fund raising proposals for the consideration of the Board.

– To lead and supervise fund raising actions approved by the Board, including appointment and instructing of professionals, liaising with regulatory authorities, and ensuring that fund raising actions achieve the objectives and within budgetary limits set out by the Board.

Investments:

– To determine the Group's risk tolerance and investment time horizon in consultation with the Board.

– To formulate and from time to time review the investment objectives, policies and guidelines and investment risk management.

– To evaluate, review and concur with all major investment projects including restructuring or disposals or sale of the Group's key assets.

– To review the annual investments proposal of the Group.

– To evaluate any significant capital commitment and divestment by the Group.

– To evaluate the professional evaluation system set up by the Group, including three major components: effectiveness of the evaluating organization and professionals, completeness of the evaluation procedures and the appropriateness of the evaluation standard.

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

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

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

The Company's corporate governance culture and awareness promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore's Companies Act, Chapter 50, and Articles of Association of the Company. All shareholders are treated fairly and equitably.

CORPORATE **GOVERNANCE STATEMENT**

The Company respects the equal information rights of all shareholders and is committed to the practice of air, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means.

The Board is mindful of its obligations to provide timely and full disclosure of material information to shareholders of the Company and conduct its investor relations on the following principles:

a. annual reports issued to all shareholders;

b. half and full-year results announcements on the SGXNET;

c. other announcements and any matters it deem pertinent which would likely to have a material effect on the price or value of the Company's shares on the SGXNET;

d. operate an open policy with regard to investor/email enquiries.

The Company does not practice selective disclosure. Results and annual reports are announced or issued within the mandatory period. All shareholders of our Company received the annual report and notice of the Annual General Meeting.

The Company does not have any investor relations policy at present. However, the Company will consider appointing professional investor relations officer to manage the function should the need arises.

The Company does not have a policy on payment of dividends. The Company did not declare dividend for the financial year ended 31 December 2018 due to the losses incurred during the financial year.

At the general meetings of the Company, shareholders are given the opportunity to air their views and ask Directors questions regarding the Group. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The general meetings are the principal forum for dialogue with shareholders to gather views or inputs, and address shareholders' concerns.

The Company's Constitution allows a member (other than a relevant intermediary as defined in section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings. The Companies Act allows relevant intermediaries which include CPF agent banks nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

The Directors, including chairpersons of each of the Board Committees are present at the general meetings to answer questions from the shareholders. The external auditor is also present to assist the Directors in addressing any relevant queries by shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions. The Company will put all resolutions to vote by poll at the forthcoming annual general meeting compliance with the Catalist Rules.

The Company would prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.

Material Contracts

As announced on 10 January 2018, the Executive Director of the Company, Christian Kwok-Leun Yau Heilesen ("CKLY") who is also a controlling shareholder of the Company had on 3 October 2017 and January 2018, entered into loan agreements with Vashion Group (HK) Holdings Limited ("VGH"), a wholly owned subsidiary of the Company to extend loan with aggregate principal amount of HK$2,108,389 and HK$8,000,000 respectively ("Loans") to VGH. The Loans are unsecured, interest free and have no fixed repayment terms (due and repayable on demand).

The Company announced that on 13 April 2018, the Company entered into an agreement (the "Agreement") with CKLY who is the Executive Director of the Company and the controlling shareholder of the Company. CKLY will subscribe for a 51% stake amounting to HK$10.2 million and the Company will subscribe 49% (amounting to HK$9.8 mil) in the newly incorporated Hong Kong limited company (the "Investment"). CKLY is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). CKLY, being the interested person does not have an existing equity interest in the Investment prior to the participation of the Company, being the entity at risk in the Investment. Therefore the Company is not required to seek shareholders' approval pursuant to Rule 916(2) of the Catalist Rules. As of the date of the announcement, the stipulated amount of investment of HK$9,800,000 has been injected into the Investment.

The Company has on 13 June 2018 announced that the Company entered into a share sale and purchase agreement with Fulan Group Limited (the "Purchaser") on 13 June 2018 (the "Share Sale and Purchase Agreement") for the sale of the 51% of share capital in PT. Louis Gianni ("PTLG") to the Purchaser (the "Proposed Disposal"). On 12 December 2018, the Company has completed the sale of 51% of the share capital in PTLG to the "Purchaser on 12 December 2018. The Company will continue to own 49% of the issued share capital in PTLG.

Except as disclosed above and in the accompanying financial statements, there were no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Independent Non-Executive Chairman and Executive Director, any other Director, or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has an internal policy in respect of any transactions with interested person and has in place a process to review and approve any interested person transaction.

As announced on 10 January 2018, Vashion Group (HK) Holdings Limited ("VGH"), a wholly owned subsidiary of the Company, entered into loan agreements dated 3 October 2017 and 10 January 2018 (collectively, the "Loan Agreements") with the Executive Director of the Company, Christian Kwok-Leun Yau Heilesen ("CKLY"), whereby CKLY agreed to extend loan with aggregate principal amount of HK$2,108,389 and HK$8,000,000 respectively ("Loans") to VGH. The Loans are unsecured, interest free and have no fixed repayment terms (due and repayable on demand). Accordingly, CKLY is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"), and the grant of the Loans by CKLY is an interested person transaction. However, as the Loans are interest free, the value at risk is zero and therefore the Company is not required to seek shareholders' approval pursuant to Rule 906 of the Catalist Rules.

As announced on 12 March 2018, the second Loan of HK$8.0 million (or approximately S$1.3 million based on the relevant exchange rate) has been fully disbursed on 20 February 2018 and has been fully utilised to purchase branded watches for the New Business (being the trading of luxury watches).

The two Loans have been fully repaid via a) settlement of HK$2,108,389 and b) via offsetting arrangement against the subscription by CKLY of 257,950,000 entitlement Rights Shares (S$1,289,750 or equivalent to HK$8,000,000) on 12 March 2018.

CORPORATE **GOVERNANCE STATEMENT**

The Company announced that on 13 April 2018, the Company entered into an agreement (the "Agreement") with CKLY who is the Executive Director of the Company and the controlling shareholder of the Company. CKLY will subscribe for a 51% stake amounting to HK$10.2 million and the Company will subscribe 49% (amounting to HK$9.8 mil) in the newly incorporated Hong Kong limited company (the "Investment"). CKLY is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). CKLY, being the interested person does not have an existing equity interest in the Investment prior to the participation of the Company, being the entity at risk in the Investment. Therefore the Company is not required to seek shareholders' approval pursuant to Rule 916(2) of the Catalist Rules. As of the date of the announcement, the stipulated amount of investment of HK$9,800,000 has been injected into the Investment.

During the financial year ended 31 December 2018, there were no interested person transactions entered into by the Group exceeding the S$100,000 threshold save as disclosed above.

Non-Audit Fees

The external audit fees for financial year ended 31 December 2018 payable by the Group to the external auditors are S$149,398. There were no non-audit fees rendered by the external auditors to the Company and the Group for the financial year ended 31 December 2018. There were no audit or non-audit fees paid to previous external auditors during the financial year.

Non-Sponsor Fees

The Company has appointed Hong Leong Finance Limited ("HLF") as its continuing sponsor with effect from 23 September 2018, in place of Asian Corporate Advisors Pte. Ltd. ("ACA"). There was no non-sponsor fee to ACA during their tenure as the Sponsor in 2018. There was no non-sponsor fee to HLF, being the current Sponsor, during the financial year ended 31 December 2018.

Securities Transactions

In line with Rule 1204(19) of the Rules of Catalist on Dealing in Securities, the Company has adopted its own compliance code to provide guidance to its officers with regards to dealing by the Company and its officer in its securities. The Company and its officers (1) should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in shares of the Company. The Company and its officer are also reminded of the prohibition in dealing in shares of the Company one month before the announcement of the Company's half year and full year financial statements.

Utilisation of the Proceeds for the Rights Issue

Pursuant to the announcements on 25 May 2017, 25 July 2017, 5 February 2018, 14 February 2018, 12 March 2018, 3 April 2018, 10 August 2018 and 27 February 2019 ("**Announcements**") as well as the offer information statement dated 14 February 2018 ("**Offer Information Statement**") relating to the Rights cum Warrants Issue. The Group had completed the Rights cum Warrants Issue on 12 March 2018.

As at the date of this Annual Report, the Company has fully utilized the net proceeds from Rights cum Warrants Issue as follows:

Use of proceeds	**Allocation as per the Offer Information Statement**		**Amount utilized**	**Percentage utilized**	**Balance**
	%	S$'000	S$'000	%	S$'000
General working capital	24.5%	1,262.2	1,262.2	24.5%	Nil
Investment in new businesses (including the New Business pursuant to the Proposed Business Diversification)	75.5%	3,889.8	3,889.8 (in which, as announced on 12 March 2018, S$1,289.8 thousand was used to offsetting of the second Loan which has been utilised for purchase of branded watches)	75.5%	Nil
TOTAL	100%	5,152	5,152	100%	–

The above utilisation of the Net Proceeds from the Rights cum Warrants Issue is consistent with the intended uses as disclosed in the Company's Offer Information Statement dated 14 February 2018. As of the date of this Annual Report, no Warrants have been exercised.

An aggregate amount of S$1.26 million had been used for general working capital and principal disbursements set out below:

	(S$'000)
Repayment of loan	411
Settlement of professional fee	607
Operating expenses	244.2
Total	**1,262.2**

DIRECTORS' STATEMENT

31 December 2018

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

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the Group for the year then ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due, as disclosed in Note 2(b).

1 Directors

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

Christian Kwok-Leun Yau Heilesen	*(Executive Director)*
Zhou Jia Lin	*(Non-executive and Non-independent Director)*
Leung Kwok Kuen Jacob	*(Independent Non-executive Chairman)*
Leung Yu Tung Stanley	*(Independent Director)*
Eunice Veon Koh Pei Lee	*(Independent Director)*

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

3 Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Holdings registered in name of director		*Holdings in which a director is deemed to have an interest*	
	At 1.1.18	At 31.12.18	At 1.1.18	At 31.12.18
The Company				
Christian Kwok-Leun Yau Heilesen				
- ordinary shares	–	–	25,795,000	359,693,826
- warrants	–	–	–	173,139,563

3 Directors' Interests in Shares or Debentures (cont'd)

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

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

4 Performance Share Plan

The Company has the Vashion Performance Share Plan ("Vashion PSP"). The Vashion PSP was approved and adopted by the shareholders on 6 September 2017. The purpose of the Vashion PSP is to reward, retain and motivate employees, directors, controlling shareholders and their associates to improve their performance. In line with this, the Company believes that the Vashion PSP will strengthen the overall effectiveness of performance based compensation schemes. The Vashion PSP allows the Company to award fully-paid shares to deserving participants.

The Remuneration Committee of the Company administrating the Vashion PSP are as follows:

Leung Kwok Kuen Jacob	*(Chairman and Independent Director)*
Eunice Veon Koh Pei Lee	*(Member and Independent Director)*
Zhou Jia Lin	*(Member, Non-Independent and Non-Executive Director)*

The following persons are eligible to participate in the Vashion PSP at the absolute discretion of the Remuneration Committee:

(a) Group employees (including any Group Executive Director) who, as of the date on which the share granted under the Vashion PSP ("Award Date"), have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months (or in the case of any Group Executive Director, such shorter period as the Remuneration Committee may determine), provided that none shall be an undischarged bankrupt as at the Award Date.

(b) Non-Executive Directors (including Independent Directors) who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group.

(c) persons who are qualified under (a) and (b) above and who are also controlling shareholders or Associates of controlling shareholders.

4 Performance Share Plan (cont'd)

Other salient information relating to the Vashion PSP is set out below:

– Directors and employees of the Company's associated company and the Company's parent company and its Subsidiaries (other than the Company and the Company's Subsidiaries) are not entitled to participate in the Vashion PSP.

– controlling shareholders and associates of controlling shareholders are eligible to participate in the Vashion PSP provided that the participation of and the actual number of performance shares ("Performance Shares") to be issued and the terms of any Award to be granted to each of them shall be approved by independent shareholders in separate resolutions for each such person (provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Vashion PSP of a controlling shareholder or his associate who is, at the relevant time, already a Participant) subject to the following:

  (a) the aggregate number of Performance Shares available to controlling shareholders and Associates of controlling shareholders shall not exceed 25% of the total number of Performance Shares which may be granted under the Vashion PSP; and

  (b) the number of Performance Shares available to each controlling shareholder or associate of controlling shareholder shall not exceed 10% of the total number of shares which may be granted under the Vashion PSP.

– The total number of Performance Shares which may be issued pursuant to Awards granted under the Vashion PSP, when aggregated with the aggregate number of Shares, over which options are granted under any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the issued Shares of the Company (excluding any Shares held in treasury) on the day preceding the Award Date.

– The Vashion PSP shall be valid and effective for a period of 10 years from the date of adoption until 5 September 2027.

There were no Performance Shares awarded, vested, lapsed or cancelled since the commencement of Vashion PSP until 31 December 2018.

5 Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are as follows:

Leung Yu Tung Stanley *(Chairman)*
Leung Kwok Kuen Jacob
Zhou Jia Lin

The AC has performed its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, the Catalist Rules of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance.

In performing those functions, the AC has reviewed the following:

- the scope and the results of internal audit procedures with the internal auditors;

- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;

5 Audit Committee (cont'd)

- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board of Directors for approval;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 prior to their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The AC has recommended to the Board of Directors the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company. The AC has conducted an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services, if any, will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

Further details regarding the AC are disclosed in the Corporate Governance Statement in the Company's Annual Report.

6 Independent Auditors

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

On behalf of the Board of Directors,

CHRISTIAN KWOK-LEUN YAU HEILESEN
Director

LEUNG KWOK KUEN JACOB
Director

5 April 2019

INDEPENDENT **AUDITOR'S REPORT**

To the members of Vashion Group Ltd.
(Incorporated In Singapore)

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
Valuation of inventories We refer to Note 3(a)(ii) and Note 18 to the consolidated financial statements. The carrying value of inventories amounted to S$2,349,857, which accounted for 32% of the Group's total assets as at 31 December 2018. Inventory is carried in the consolidated financial statements at the lower of cost and net realisable value. The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.	**Our response** We focused on the valuation of inventories due to the materiality of inventories to the financial statements as well as the significant judgement involved in determining the allowance for inventory obsolescence and the net realisable value of the inventories. The inventories may not be recoverable if they are damaged, obsolete or their selling prices have declined. Changing consumer preferences and fashion trends further add to the level of significant judgement needed to determine the appropriate net realisable value of the luxury timepieces included in the Group's inventories. We designed and performed the following key procedures, among others: • Reviewed the appropriateness of the Group's accounting policy for inventory costing and inventory obsolescence and tested the Group's compliance to its policy. • Checked, on a sample basis, the unit cost of the inventories. • Evaluated management's process of determining net realisable value of inventories against subsequent selling price and external price data where appropriate. Tested management's assessment of inventories to state inventories at the lower of cost and net realisable value. • Reviewed management's assessment of the allowance for inventory obsolescence, taking into consideration nature of the stock, profile of the inventories, stocks turnover rate, selling price and external price data. • Reviewed the adequacy of the disclosures made in the financial statements. **Our findings** Based on our audit procedures, we found that the Group's inventories are recorded in accordance with the Group's accounting policies and management's assessment of inventory obsolescence and net realisable value of inventories to be reasonable.

Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the key audit matters
Valuation of trade and other receivables We refer to Note 3(b)(i), Note 19, Note 20 and Note 22 to the consolidated financial statements. The Group has trade and other receivables and amount due from associate of S$925,289, S$18,656 and S$1,712,209 respectively, which accounted for 37% of the Group's total assets as at 31 December 2018. The Group assesses periodically and at each financial year end, the expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics. This is a key audit matter as the assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amount, require management judgement.	**Our response:** We obtained an understanding of the Group credit policy and evaluated the processes for identifying impairment indicators. We have reviewed and tested the ageing of trade and other receivables. We have reviewed management's assessment on the credit worthiness of selected customers. We further discussed with the key management and the component auditors on the adequacy of the allowance for impairment recorded by the Group and reviewed the supporting documents provided by management in relation to their assessment. We have also reviewed the adequacy and appropriateness of the impairment charge based on the available information. **Our findings:** Based on our audit procedures performed, we found management's assessment of the recoverability of trade and other receivables to be reasonable and the disclosures to be appropriate.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate 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.

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

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 Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 S$	Group 2017 S$
Continuing operations			
Revenue	4	**11,054,521**	3,246,369
Cost of sales		**(10,462,288)**	(2,612,972)
Gross profit		**592,233**	633,397
Other operating income	5	**458,175**	49,520
Selling and distribution expenses		**(253,740)**	(230,080)
Administrative expenses		**(2,322,746)**	(1,864,201)
Other operating expenses	7	**(259,761)**	(696,809)
Finance costs	8	**(505)**	(10,747)
Share of loss of associate		**(817)**	–
Loss before income tax	9	**(1,787,161)**	(2,118,920)
Income tax	10	**–**	–
Loss for the year from continuing operations		**(1,787,161)**	(2,118,920)
Discontinued operations			
Loss for the year from discontinued operations	11	**(147,029)**	(460,091)
Total loss for the year		**(1,934,190)**	(2,579,011)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation (loss)/gain		**(99,447)**	815,571
Other comprehensive (loss)/gain, net of tax		**(99,447)**	815,571
Total comprehensive loss for the year attributable to owners of the Company		**(2,033,637)**	(1,763,440)
Loss per share (S$ cents)			
- Basic and diluted for continuing and discontinued operations	12	**(0.20)**	(2.40)
- Basic and diluted for continuing operations	12	**(0.18)**	(1.97)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

		Group			Company		
	Note	**2018**	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
		S$	S$	S$	**S$**	S$	S$
ASSETS							
Non-current assets							
Plant and equipment	13	**65,678**	96,024	34,977	**31**	3,866	9,612
Investments in subsidiaries	14	**–**	–	–	**1,303,014**	3,128,657	3,128,657
Investments in associates	15	**1,280,909**	–	–	**1,281,726**	–	–
Membership rights	16	**–**	23,900	23,900	**–**	–	–
Trademark	17	**–**	–	934	**–**	–	–
		1,346,587	119,924	59,811	**2,584,771**	3,132,523	3,138,269
Current assets							
Inventories	18	**2,349,857**	312,837	258,107	**–**	–	–
Trade receivables	19	**925,289**	1,075,591	1,099,761	**–**	–	–
Other receivables and prepayments	20	**26,624**	401,668	518,301	**8,883**	165,777	14,554
Due from subsidiaries	21	**–**	–	–	**3,193**	339,757	326,879
Due from associate	22	**1,712,209**	–	–	**1,712,209**	–	–
Loans to subsidiaries	23	**–**	–	–	**–**	–	–
Fixed deposits	24	**–**	2,464,703	3,219,236	**–**	–	–
Cash and bank balances	24	**903,009**	1,026,097	1,248,081	**2,943**	9,400	267,656
		5,916,988	5,280,896	6,343,486	**1,727,228**	514,934	609,089
Total assets		**7,263,575**	5,400,820	6,403,297	**4,311,999**	3,647,457	3,747,358
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	25	**38,852,217**	33,715,127	33,502,693	**38,852,217**	33,715,127	33,502,693
Translation reserve	27	**(1,657,004)**	(1,557,557)	(2,373,128)	**–**	–	–
Accumulated losses		**(30,995,414)**	(29,061,224)	(26,482,213)	**(35,185,376)**	(31,264,424)	(30,839,590)
Total equity		**6,199,799**	3,096,346	4,647,352	**3,666,841**	2,450,703	2,663,103
Non-current liabilities							
Lease obligations		**5,140**	6,680	–	**–**	–	–
Current liabilities							
Trade payables	28	**108,736**	128,620	210,510	**–**	–	–
Other payables and accruals	29	**891,605**	2,111,990	1,447,236	**367,198**	604,476	499,977
Due to subsidiaries	21	**–**	–	–	**277,960**	592,278	584,278
Lease obligations		**1,540**	1,427	–	**–**	–	–
Borrowings	30	**–**	–	37,343	**–**	–	–
Income tax payable		**56,755**	55,757	60,856	**–**	–	–
		1,058,636	2,297,794	1,755,945	**645,158**	1,196,754	1,084,255
Total liabilities		**1,063,776**	2,304,474	1,755,945	**645,158**	1,196,754	1,084,255
Total equity and liabilities		**7,263,575**	5,400,820	6,403,297	**4,311,999**	3,647,457	3,747,358

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

	Note	Share capital S$	Translation reserve S$	Accumulated losses S$	Total equity S$
		Attributable to owners of the Company			
Group					
2018					
Balance as at 1 January		33,715,127	(1,557,557)	(29,061,224)	3,096,346
Loss for the year		–	–	(1,934,190)	(1,934,190)
Other comprehensive loss, net of tax					
Foreign currency translation loss		–	(99,447)	–	(99,447)
Total comprehensive loss for the year		–	(99,447)	(1,934,190)	(2,033,637)
Issuance of ordinary shares from rights cum warrants issue, net of share issue expense	25(c)	5,137,090	–	–	5,137,090
Balance as at 31 December		38,852,217	(1,657,004)	(30,995,414)	6,199,799

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

	Note	Attributable to owners of the Company			
		Share capital S$	**Translation reserve S$**	**Accumulated losses S$**	**Total equity S$**
Group					
2017					
Balance as at 1 January		33,502,693	(2,373,128)	(26,482,213)	4,647,352
Loss for the year		–	–	(2,579,011)	(2,579,011)
Other comprehensive income, net of tax					
Foreign currency translation gain		–	815,571	–	815,571
Total comprehensive loss for the year		–	815,571	(2,579,011)	(1,763,440)
Conversion of debts	25(a)	230,064	–	–	230,064
Debt conversion - share issuance expenses		(17,630)	–	–	(17,630)
Balance as at 31 December		33,715,127	(1,557,557)	(29,061,224)	3,096,346

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	Group 2018 S$	Group 2017 S$
Cash Flows from Operating Activities			
Loss before income tax from continuing operations		**(1,787,161)**	(2,118,920)
Loss before income tax from discontinued operations		**(147,029)**	(460,091)
		(1,934,190)	(2,579,011)
Adjustments for:			
Depreciation of plant and equipment	13	**31,466**	22,551
Loss on disposal of investment in a subsidiary		**252,414**	–
Write back of allowance for inventory obsolescence		**(310)**	–
Allowance for impairment of membership rights		**23,900**	–
Bad debts written off (trade)		**–**	6,177
Write off of other receivables		**7,347**	–
Unrealised exchange (gain)/loss		**(481,377)**	1,101,625
Share of loss of associate		**817**	–
Interest expense		**505**	10,747
Interest income		**(96,092)**	(182,875)
Operating cash flow before working capital changes		**(2,195,520)**	(1,620,786)
Changes in working capital:			
Inventories		**(2,036,710)**	(54,730)
Trade and other receivables		**989,507**	(342,999)
Trade and other payables		**(346,978)**	894,960
Cash used in operating activities		**(3,589,701)**	(1,123,555)
Interest paid		**(505)**	(10,747)
Net cash used in operating activities		**(3,590,206)**	(1,134,302)
Cash Flows from Investing Activities			
Purchase of plant and equipment	13	**–**	(83,462)
Investment in associate		**(817)**	–
Net cash outflow from disposal of a subsidiary	14	**(1,149,833)**	–
Advances to associate		**(1,712,209)**	–
Proceeds from disposal of trademark		**–**	934
Decrease of pledged fixed deposits		**1,296,211**	5,032
Fixed deposits maturing after 3 months		**–**	517,435
Refund of deposit in subsidiary held in escrow account		**–**	42,881
Interest received		**196,368**	203,682
Net cash (used in)/generated from investing activities		**(1,370,280)**	686,502

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial year ended 31 December 2018

	Note	Group 2018 S$	Group 2017 S$
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares from rights cum warrants issue, net of share issue expense	A	**5,137,090**	–
Payment of debt conversion share issuance expenses		**–**	(17,630)
Proceeds from borrowings	30	**–**	136,855
Repayment of borrowings	30	**–**	(171,069)
(Repayment to)/ loan from a director of the Company	29	**(326,554)**	326,554
(Decrease)/increase in lease obligations		**(1,427)**	8,107
Net cash generated from financing activities		**4,809,109**	282,817
Net decrease in cash and cash equivalents		**(151,377)**	(164,983)
Cash and cash equivalents at the beginning of the year		**1,026,097**	1,248,081
Effect of changes in foreign exchange rates on cash and cash equivalents		**28,289**	(57,001)
Cash and cash equivalents at the end of the year	24	**903,009**	1,026,097

	Group 2018 S$	Group 2017 S$
(Note A)		
Issuance of ordinary shares, net of share issue expenses	**5,431,728**	–
Share issue expenses	**(294,638)**	–
Net cash from issuance of shares	**5,137,090**	–

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

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

1 General

Vashion Group Ltd. (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office is Harvest @ Woodlands 280 Woodlands Industrial Park E5 #10-50, Singapore 757322.

The principal activities of the Company are those of provision of management and accounting services to its subsidiaries and including that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14.

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

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

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

Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s")

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

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

2 **Summary of Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

Optional exemptions applied on adoption of SFRS(I)

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

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

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

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

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

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

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

i. the Group has not restated those completed contracts that began and ended in the same annual reporting in 2017 and contracts completed at 1 January 2017;
ii. for completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
iii. for contracts which were modified before 1 January 2017, the Group did not retrospectively restate the contract for those contract modifications; and
iv. for the year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

First-time adoption of SFRS(I) and adoption of New Standards

SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) 1 ("date of transition"). The adoption of SFRS(I) 1 did not have an impact on the financial position, financial performance and cash flows of the Group for the comparative periods presented.

SFRS(I) 15 Revenue from Contracts with Customers

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

The adoption of SFRS(I) 15 did not have impact on the Group's financial performance.

Sale of goods

Revenue is recognised when the Group satisfies a performance obligation by transferring the promised goods to the customer, which is when the customer obtains control of the goods. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Group does not provide right of return or warranty to its customers and hence, there is no refund liability or provision for warranty made.

In the previous financial year, the Group recognised revenue when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or possible returns of goods.

Modified retrospective approach

The Group has elected to apply the changes in accounting policies retrospectively with the cumulative effect of initially applying SFRS(I) 15 recognised as an adjustment to the opening balance of retained earnings as at 1 January 2017. As the application of the SFRS(I) 15 did not have significant impact on the Group's financial performance, therefore the comparative information has not been restated.

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

First-time adoption of SFRS(I) and adoption of New Standards (cont'd)

SFRS(I) 9 *Financial Instruments*

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

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Accounting policy Note 2(j)). Additionally, the Group is exempted from complying with SFRS(I) 7 relate to the items within the scope of SFRS(I) 9. As a result, the requirements under FRSs are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below:

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.

  – The determination of the business model within which a financial asset is held;
  – The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  – The designation of an equity investment that is not held-for trading as at fair value through other comprehensive income ("FVOCI"); and
  – The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVPL").

- If a debt investment has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The adoption of SFRS(I) 9 did not have a significant effect on the Group's accounting policies for financial liabilities.

2 **Summary of Significant Accounting Policies** (cont'd)

(a) Basis of Preparation (cont'd)

Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

First-time adoption of SFRS(I) and adoption of New Standards (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

(i) Classification of financial assets and financial liabilities

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

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

The adoption of SFRS(I) 9 did not have a significant effect on the Group's accounting policy for financial assets and liabilities except that trade and other receivables, due from subsidiaries and associate, loans to subsidiaries, fixed deposits and cash and bank balances that were classified as loans and receivables under FRS 39 are now classified as amortised cost.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the "incurred loss" model in FRS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and financial guarantee contracts, but not to equity investments.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 did not have significant impact on the financial performance and financial position of the Group. Additional information about how the Group measures the allowance for impairment is described in Note 34(a).

2 Summary of Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

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

The Group has not adopted the following standards that have been issued but are not yet effective:

		Effective for annual financial periods beginning on or after
SFRS(I) 16	*Leases*	1 January 2019
SFRS(I) INT 23	*Uncertainty over Income Tax Treatments*	1 January 2019
SFRS(I) 9	*Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I) 1-28	*Amendments to SFRS(I) 1-28: Long-term interests in Associates and Joint Ventures*	1 January 2019
	Annual Improvements to SFRS(I) 2015-2017 Cycle	1 January 2019
	Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture*	Deferred indefinitely, early application is still permitted

Except for amendments to SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

SFRS(I) 16 Leases

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

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

As disclosed in Note 32, the Group leases offices under non-cancellable operating lease agreements. As at 31 December 2018, the minimum lease payments committed under non-cancellable operating leases amounted to S$64,800 (Note 32). The Group is in the process of assessing the potential impact that will result from the application of SFRS(I) 16.

2 Summary of Significant Accounting Policies (cont'd)

(b) Going Concern Assumption

For the financial year ended 31 December 2018, the Group incurred a total loss of S$1,934,190 (2017: S$2,579,011) and a comprehensive loss of S$2,033,637 (2017: S$1,763,440), and has net cash used in operating activities of S$3,590,206 (2017: S$1,134,302). These conditions indicate an uncertainty that may cast doubt on the ability of the Group to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business.

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2018 is appropriate after taking into consideration the following factors:

(i) Management will continue to monitor the costs of the Group closely and seek to improve the operating performance and cash flows of the Group. Management has also prepared a cash flow projection that shows that the Group will have sufficient cash resources to satisfy its working capital requirements for the next twelve months from 31 December 2018 and to meet its obligations as and when they fall due.

(ii) Management will continue to evaluate various strategies to obtain alternative sources of finance and diversification of the Group's business activities. The Group has entered into the business of the retail and trading of consumer watches in the current financial year, and it has provided a new source of revenue and generate cash flows for the Group.

(c) Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

2 Summary of Significant Accounting Policies (cont'd)

(c) Consolidation (cont'd)

Subsidiaries (cont'd)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Goodwill on acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments. Gains and losses on the disposal of associates include the carrying amounts of goodwill relating to the entity sold.

Investments in associates are accounted for using the equity method of accounting less impairment losses, if any. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

When the Group reduces its ownership interest in an associate, but the Group continues to apply the equity method, the Group reclassifies 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.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

2 Summary of Significant Accounting Policies (cont'd)

(c) Consolidation (cont'd)

Associates (cont'd)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. The subsequent accounting for changes in the fair value of the contingent consideration depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar ("S$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

2 Summary of Significant Accounting Policies (cont'd)

(d) Foreign Currencies (cont'd)

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rate of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Translation of Group entities' financial statements

The results and financial position of each entity in the Group (none of which has the currency of a hyperinflationary economy) that has a functional currency different from the presentation currency for the consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses for each statements presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

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

2 Summary of Significant Accounting Policies (cont'd)

(e) Plant and Equipment

Measurement

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

Depreciation

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

Renovations	-	5 years
Computer and office equipment	-	3 to 5 years
Plant and machinery	-	5 years
Motor vehicles	-	5 to 10 years
Furniture and fittings	-	3 to 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amounts of the replaced components are recognised in profit or loss. All other costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognised.

(f) Intangible Assets

Membership rights

Acquired club membership is shown at historical cost. The club membership is assessed as having indefinite useful lives as the contracts are open ended and there is no foreseeable limit to the period over which the memberships are expected to generate cash to the Group. The club membership is tested for impairment annually and carried at cost less impairment losses. Gains or losses on disposal of a club membership are taken to profit or loss.

2 **Summary of Significant Accounting Policies** (cont'd)

(f) Intangible Assets (cont'd)

Trademark

The trademark was acquired in a business combination is initially recognised at fair value (which is regarded as its cost) at the acquisition date. Following initial recognition, the trademark is measured at cost less impairment losses. The trademark is assessed as having an indefinite useful life as there is no foreseeable limit to the period over which the trading name is expected to generate economic benefits to the Group, including market presence and trading contacts. The indefinite useful life is reviewed annually to ensure the useful life assessment continues to be supportable.

The trademark is reviewed for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the trading name relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the trademark, an impairment loss is recognised in profit or loss.

(g) Impairment of Non-financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

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 reversal of an impairment loss is recognised immediately in profit or loss.

(h) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

2 **Summary of Significant Accounting Policies** (cont'd)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Allowance for inventory obsolescence is made for obsolete and slow moving inventories.

(j) Financial Assets

Applicable to reporting periods before 1 January 2018

Until 31 December 2017, the Group classifies its financial assets as loans and receivables based on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables", "due from/loans to subsidiaries", "fixed deposits" and "cash and bank balances" on the statement of financial position.

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.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset has expired, or all the risks and rewards of ownership of the financial asset has been transferred substantially to other entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is transferred to profit or loss.

Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

2 Summary of Significant Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

Applicable to reporting periods before 1 January 2018 (cont'd)

Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the 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 amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Applicable to reporting periods from 1 January 2018

Classification and measurement

The Group classifies its financial assets as those to be measured at amortised cost.

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

Initial recognition

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Financial assets measured at amortised costs are presented as "trade receivables", "other receivables", "due from/loans to subsidiaries", "due from associate", "fixed deposits" and "cash and bank balances" on the statement of financial position.

2 **Summary of Significant Accounting Policies** (cont'd)

(j) Financial Assets (cont'd)

Applicable to reporting periods from 1 January 2018 (cont'd)

Classification and measurement (cont'd)

Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in the statement of profit or loss.

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

Impairment

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit losses ("ECLs") – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach – Trade receivables

The Group applies the simplified approach to provide ECLs for all trade receivables, as permitted by SFRS(I) 9, which require expected lifetime losses to be recognised from initial recognition of the receivables.

General approach – Other receivables

The Company applies the general approach to provide ECLs on its other receivables, which require the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

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

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

2 Summary of Significant Accounting Policies (cont'd)

(j) Financial Assets (cont'd)

Applicable to reporting periods from 1 January 2018 (cont'd)

Impairment (cont'd)

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

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 the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not other consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the, present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over a year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2 **Summary of Significant Accounting Policies** (cont'd)

(j) Financial Assets (cont'd)

Applicable to reporting periods from 1 January 2018 (cont'd)

Recognition and derecognition

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments. All 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.

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(k) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits and bank balances with financial institutions which are subject to an insignificant risk of change in value, including bank overdrafts which form an integral part of the Group's cash management, less any restricted deposits.

(l) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently carried at amortised cost using the effective interest method.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially measured at fair value, net of any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of borrowings and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the borrowings, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

2 Summary of Significant Accounting Policies (cont'd)

(m) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(n) Revenue Recognition

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

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

Sale of goods

Revenue is recognised when the Group satisfies a performance obligation by transferring the promised goods to the customer, which is when the customer obtains control of the goods. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Group does not provide right of return or warranty to its customers and hence, there is no refund liability or provision for warranty made.

Service income

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

Revenue is recognised when the Group satisfies a performance obligation by rendering the services to the customer, which is when the customer obtains benefits of the service. A performance obligation is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(o) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision for the estimated liability for annual leave is recognised for services rendered by employees up to the statement of financial position date.

2 **Summary of Significant Accounting Policies** (cont'd)

(o) Employee Benefits (cont'd)

Performance bonus shares

The Group grants performance bonus shares which is settled by granting ordinary shares of the Company to award directors/employees. The fair value of the director/employee services received in exchange for the grant of the performance bonus shares is recognised as an expense with a corresponding increase in the performance bonus share reserve when the vesting condition is achieved. The total amount to be recognised when the vesting condition is achieved is determined by reference to the fair value of the performance bonus shares granted on the date of grant. At each statement of financial position date, the Group revises its estimates of the number of performance bonus shares that are expected to be issued. It recognises the impact of the revision of the original estimates, if any, in profit or loss, and a corresponding adjustment to the performance bonus share reserve. No expense is recognised for performance bonus shares that do not ultimately vest.

When the Company settles the performance bonus shares for the services received by its subsidiaries, there is no re-charge by the Company to the subsidiaries. The amount is recognised as an increase in the Company's investments in subsidiaries as it represented capital contribution to the subsidiaries.

When the performance bonus shares are issued, the related balance previously recognised in the performance bonus share reserve is credited to the share capital account when new ordinary shares of the Company are issued.

(p) Leases

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

Lessee - finance leases

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

Contingent rentals are recognised as an expense in the period in which they are incurred.

Lessee - operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals are recognised as an expense in the period in which they are incurred.

2 **Summary of Significant Accounting Policies** (cont'd)

(q) Borrowing Costs

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

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

(r) Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) Income Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

2 Summary of Significant Accounting Policies (cont'd)

(s) Income Tax (cont'd)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(t) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnel who are responsible for allocating resources and assessing performance of the operating segments.

(u) Discontinued Operations

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

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

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

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

(a) Critical Judgments in Applying Accounting Policies

The following are the critical judgements that the management has made in the process of applying the Group's accounting policies during the financial year that have the most significant effect on the amounts recognised in the financial statements:

(i) Arbitration Orders

A wholly owned subsidiary Luxury Watch Trading Limited ("LW") received three arbitration orders from the Shenzhen Arbitration Commission ("Orders") on 17 January 2018. The Orders relate to LW entering into guarantee agreements dated 14 November 2012, 20 November 2012 and 25 March 2013 (collectively, the "Guarantee Agreements") with the borrower, Raymond Fu Ngai Man ("Raymond" or "Borrower"), former general manager of Shenzhen Louis Gianni Costume Co. Ltd and lender, 潘少斌 ("Mr Poon") and 方國釗 ("Mr Fong") (the "Lender") that in the event of default in payment by the Borrower, LW would be liable to make repayment to the Lenders.

Details of the Orders were as follows:

- Charge for the repayment of RMB10,490,000 (principal amount of RMB5,500,000 and interest and related expenses of RMB4,990,000) to Mr Poon;
- Charge for the repayment of RMB12,370,500 (principal amount of RMB6,500,000 and interest and related expenses of RMB5,870,500) to Mr Poon; and
- Charge for the repayment of RMB2,152,200 (principal amount of RMB1,000,000 and interest and related expenses of RMB1,152,200) to Mr Fong.

On 17 May 2018, LW received 3 additional arbitral orders dated 8 May 2018 made subsequent to the 3 orders received originally. The repayment were due in 10 days from the date of the orders dated 8 May 2018.

The Board of Directors of the Company (the "Board") confirmed that no corporate guarantee(s) has been provided by the Company or any of its subsidiaries to the Lenders for and on behalf of the Borrower. Both the Board and the directors of LW at the material time are not aware of the existence of the Guarantee Agreements.

The Board is of the view that the Orders are without merit because:

i. None of the directors of LW have entered into and/or have authorised any person to enter into any agreements with the Borrower and the Lenders to guarantee the obligations of the Borrower;
ii. No signature of any director or authorised person of LW was sighted in all Guarantee Agreements; and
iii. The company stamp which appears in the Guarantee Agreements is of a different size from the original LW's company stamp.

The Board believes that in the event that the award is made against LW ("Award"), the liability of the Company, being the sole shareholder of LW in the event of the winding-up of LW, will be capped to the amounts of capital contributed, the Company cannot be held liable in law for the sums in the Award. Furthermore, there are no obligations or contractual or regulatory requirement for the Company or any of its other subsidiaries to fulfil or indemnify any obligations or owing of LW.

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

(a) Critical Judgments in Applying Accounting Policies (cont'd)

(ii) Allowance for inventory obsolescence

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. The Group writes down the cost of inventories whenever the net realisable value of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

During the current financial year ended 31 December 2018, the Group wrote back an allowance for inventory obsolescence amounting to S$310 (2017: Nil). In addition, there were no inventories written off since prior year.

(iii) Impairment of investments in subsidiaries and associates

The Group assesses at each reporting date whether there is any indication that the investments in subsidiaries and associates may be impaired. To determine whether there is any indication that those investments have suffered an impairment loss, the Company considers factors such as the decline in business or financial performance, financial position, changes in customer demand and trends, and the overall economic environment. These reviews require the use of judgement, which could result in revisions to the recoverable amount of the investments in subsidiaries and associates.

The carrying amounts of the Group's investment in subsidiaries and associates as at 31 December 2018 are disclosed in Notes 14 and 15 respectively.

(b) Key Sources of Estimation Uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Loss allowance for trade receivables

The Group uses a provision rates to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The information about the ECLs on the Group's trade receivables is disclosed in Note 34(a). The carrying amount of the Group's trade receivables as at 31 December 2018 is disclosed in Note 19.

4 Revenue

	Group	
	2018	2017
	S$	S$
Principal geographical markets		
Asia Pacific		
Sale of goods		
- Films and spare parts	**2,339,201**	2,897,944
- Chemicals and consumables	**427,942**	315,565
Service income	**4,750**	32,860
	2,771,893	3,246,369
People's Republic of China		
Sale of luxury goods	**8,282,628**	–
	11,054,521	3,246,369

The Group's revenue is recognised at a point in time.

5 Other Operating Income

	Group	
	2018	2017
	S$	S$
Continuing operations		
Distribution of club membership	**48,679**	–
Foreign exchange gain, net	**400,682**	–
Write back of allowance for stock obsolescence	**310**	–
Directors' fees written off	**–**	39,140
Fixed deposits interest	**–**	31
Others	**8,504**	10,349
	458,175	49,520

6 Employee Benefits

	Group	
	2018	2017
	S$	S$
Continuing operations		
Wages, salaries, bonuses and allowances	**1,729,500**	1,380,965
Defined contribution plans	**56,903**	62,207
	1,786,403	1,443,172
Employee benefits recognised in:		
- selling and distribution expenses	**1,561,169**	196,279
- administrative expenses	**225,234**	1,246,893
	1,786,403	1,443,172

7 Other Operating Expenses

	Group	
	2018	2017
	S$	S$
Continuing operations		
Write off of other receivables	**7,347**	–
Net loss on disposal of investment in a subsidiary	**252,414**	–
Foreign exchange loss, net	**–**	696,809
	259,761	696,809

8 Finance Costs

	Group	
	2018	2017
	S$	S$
Continuing operations		
Interest expense:		
- finance leases	**505**	404
- interest charged by a related party (Note 30)	**–**	10,343
	505	10,747

9 Loss Before Income Tax

	Group 2018 S$	Group 2017 S$
Continuing operations		
This is arrived at after charging:		
Included in cost of sales		
Inventories recognised as an expense	**10,462,288**	2,612,972
Included in administrative expenses		
Allowance for impairment of membership rights	**23,900**	–
Audit fees		
- auditors of the Company	**126,000**	118,500
- other auditors	**7,914**	8,148
Depreciation of plant and equipment	**15,982**	18,565
Legal and professional fees	**220,933**	198,612
Operating lease expenses	**80,058**	64,570

10 Income Tax

	Group 2018 S$	Group 2017 S$
Current income tax	–	–

The reconciliation of the income tax expense and the product of accounting loss multiplied by the Singapore statutory tax rate is as follows:

	Group 2018 S$	Group 2017 S$
Loss before tax	**(1,787,161)**	(2,118,920)
Tax at the statutory tax rate of 17%	**(303,817)**	(360,216)
Tax effect of non-deductible expenses*	**28,485**	114,050
Tax effect of non-taxable income**	**(63,206)**	–
Deferred tax assets not recognised	**308,811**	238,428
Effect of different tax rates of foreign subsidiaries	**29,727**	7,738
	–	–

* Mainly relates to professional fee in 2018 (2017: unrealised foreign exchange loss) which is non-deductible for income tax purposes

** Mainly relates to unrealised foreign exchange gain in 2018 which is non-taxable for income tax purposes

10 Income Tax (cont'd)

Singapore tax law

The corporate income tax applicable to the Company and other subsidiaries of the Group incorporated and domiciled in Singapore is 17% (2017: 17%).

Hong Kong tax law

The corporate income tax applicable to the subsidiaries of the Group incorporated and domiciled in Hong Kong is 16.5% (2017: 16.5%).

Indonesia tax law

The corporate income tax applicable to the subsidiary of the Group incorporated and domiciled in Indonesia is 25% (2017: 25%).

Unrecognised tax losses

As at 31 December 2018, the Group has unutilised tax losses of approximately S$12,708,000 (2017: S$10,821,000), of which approximately S$3,006,000 (2017: S$2,949,000) relates to discontinued operations, which can be carried forward and used to offset against future taxable income of those entities in the Group in which the losses arose, subject to the agreement of the tax authorities and compliance of the relevant provisions of the tax legislation of the respective countries in which they operate. The unutilised tax losses have no expiry dates.

The deferred tax assets arising from these unutilised tax losses of approximately S$2,157,000 (2017: S$1,844,000) have not been recognised in accordance with the Group's accounting policy stated in Note 2(s).

11 Discontinued Operations

The subsidiaries, Luxury Watch Trading Limited, PT. Louis Gianni, Sansim Cosmetics (H.K.) Ltd, FBT HK Limited and Vashion Assets Management Limited, were formerly engaged in trading or wholesale of garments and cosmetics products or provision of consultancy services. These subsidiaries have either ceased operations or remained inactive since prior years.

The foregoing subsidiaries have remained dormant in the Group, and management have the intention to liquidate these subsidiaries within the next 12 months from the reporting date.

Subsequent to the financial year end, management have commenced the process of liquidation for Sansim Cosmetics (H.K.) Ltd, FBT HK Limited and Vashion Assets Management Limited.

11 Discontinued Operations (cont'd)

The combined results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

	Group	
	2018	2017
	S$	S$
Loss for the year from discontinued operations		
Other operating income	**185,447**	182,875
Administrative expenses	**(313,257)**	(161,769)
Other operating expenses	**(19,218)**	(481,197)
Finance costs	**(1)**	–
Loss for the year from discontinued operations	**(147,029)**	(460,091)
Cash flows from discontinued operations		
Net cash (outflows)/inflows from operating activities	**(1,985)**	376,128
Net cash inflows from investing activities	**1,876,069**	687,950
Net cash inflows	**1,874,084**	1,064,078
Loss before income tax		
Discontinued operations		
This is arrived at after charging/(crediting):		
Included in other operating income:		
Foreign exchange gain, net	**(89,355)**	–
Fixed deposits interest	**(96,092)**	(182,875)
Included in administrative expenses:		
Audit fees (other auditors)	**15,484**	16,650
Depreciation of plant and equipment	**15,484**	3,986
Legal and professional fees	**183,856**	6,751
Operating lease expenses	**93,001**	87,084
Included in other operating expenses:		
Bad debt written off (trade)	**–**	6,177
Foreign exchange loss, net	**–**	438,445

12 Loss Per Share

	Group	
	2018	2017
	S$	S$
Loss for the year attributable to owners of the Company	**(1,934,190)**	(2,579,011)
Loss used in the calculation of total basic loss per share	**(1,934,190)**	(2,579,011)
Loss for the year from discontinued operations used in the calculation of basic loss per share from discontinued operations	**(147,029)**	(460,091)
Loss used in the calculation of basic loss per share from continuing operations	**(1,787,161)**	(2,118,920)

	Number of ordinary shares	
	2018	2017
Weighted average number of ordinary shares for basic and diluted loss per share	**991,035,662**	107,624,945
Loss per share (S$ cents)		
Basic and diluted from continuing operations	**(0.18)**	(1.97)
Basic and diluted from discontinued operations	**(0.02)**	(0.43)
Total loss per share	**(0.20)**	(2.40)

Basic loss per share is calculated by dividing loss for the year attributable to the owners of the Company by the weighted average number of ordinary shares of the Company outstanding during the financial year.

Diluted loss per share is calculated by dividing the loss for the year attributable to the owners of the Company by the weighted average of ordinary shares during the year plus the weighted average number of ordinary shares that would be in issue on the conversion of all the dilutive potential ordinary shares.

The diluted loss per share is the same as the basic loss per share as there were no diluted potential ordinary shares outstanding as at 31 December 2018 and 2017.

Warrants are anti-dilutive because their exercise price is higher than the average share price during the current financial year. As at 31 December 2018, no warrants have been exercised.

13 Plant and Equipment

	Renovation S$	Computer and office equipment S$	Plant and machinery S$	Motor vehicles S$	Furniture and fittings S$	Total S$
Group						
2018						
Cost						
Balance as at 1 January	43,649	59,431	15,099	141,743	33,721	293,643
Currency realignment	–	–	–	1,377	–	1,377
Balance as at 31 December	43,649	59,431	15,099	143,120	33,721	295,020
Accumulated depreciation						
Balance as at 1 January	37,829	49,157	15,099	62,497	33,037	197,619
Charge for the year	5,820	3,452	–	21,510	684	31,466
Currency realignment	–	–	–	257	–	257
Balance as at 31 December	43,649	52,609	15,099	84,264	33,721	229,342
Net book value						
Balance as at 31 December	–	6,822	–	58,856	–	65,678
2017						
Cost						
Balance as at 1 January	43,649	52,950	15,099	64,762	33,721	210,181
Addition	–	6,481	–	76,981	–	83,462
Balance as at 31 December	43,649	59,431	15,099	141,743	33,721	293,643
Accumulated depreciation						
Balance as at 1 January	29,099	44,411	15,099	54,571	32,024	175,204
Charge for the year	8,730	4,746	–	8,062	1,013	22,551
Currency realignment	–	–	–	(136)	–	(136)
Balance as at 31 December	37,829	49,157	15,099	62,497	33,037	197,619
Net book value						
Balance as at 31 December	5,820	10,274	–	79,246	684	96,024
1 Jan 2017						
Cost						
Balance as at 1 January	43,649	52,950	15,099	64,762	33,721	210,181
Accumulated depreciation						
Balance as at 1 January	29,099	44,411	15,099	54,571	32,024	175,204
Net book value						
Balance as at 1 January	14,550	8,539	–	10,191	1,697	34,977

13 **Plant and Equipment** (cont'd)

	Renovation S$	Computer and office equipment S$	Furniture and fittings S$	Total S$
Company				
31 Dec 2018				
Cost				
Balance as at 1 January & 31 December	22,953	14,038	28,495	65,486
Accumulated depreciation				
Balance as at 1 January	19,893	13,789	27,938	61,620
Charge for the year	3,060	218	557	3,835
Balance as at 31 December	22,953	14,007	28,495	65,455
Net book value				
Balance as at 31 December	–	31	–	31
31 Dec 2017				
Cost				
Balance as at 1 January and 31 December	22,953	14,038	28,495	65,486
Accumulated depreciation				
Balance as at 1 January	15,302	13,470	27,102	55,874
Charge for the year	4,591	319	836	5,746
Balance as at 31 December	19,893	13,789	27,938	61,620
Net book value				
Balance as at 31 December	3,060	249	557	3,866
1 Jan 2017				
Cost				
Balance as at 1 January	22,953	14,038	28,495	65,486
Accumulated depreciation				
Balance as at 1 January	15,302	13,470	27,102	55,874
Net book value				
Balance as at 1 January	7,651	568	1,393	9,612

14 Investments in Subsidiaries

	Company		
	2018	2017	1 Jan 2017
	S$	S$	S$
Unquoted equity shares, at cost	**11,337,817**	14,567,817	14,567,817
Less: Allowance for impairment loss	**(10,034,803)**	(11,439,160)	(11,439,160)
	1,303,014	3,128,657	3,128,657

During the current financial year ended 31 December 2018, the Company entered into a share sale and purchase agreement with Fulan Group Limited (the "Purchaser") for the sale of the 51% of share capital in PT. Louis Gianni ("PTLG"). As at 31 December 2018, PTLG is an associate of the Company (Note 15).

The details of the cash flow and the net assets of PTLG deconsolidated in the financial year ended 31 December 2018 are as follows:

	2018
	S$
Fair value of the identifiable assets and liabilities	
Other receivables and prepayments	5,141
Fixed deposits	945,086
Cash and bank balances	2,533,088
Total identified assets at fair value	3,483,315
Other payables and accruals	(566,737)
Total identified liabilities at fair value	(566,737)
Total identifiable net assets disposed at fair value	2,916,578
Loss on disposal	
Sales consideration	1,383,255
Less: share of net assets disposed	(1,487,455)
Realisation of translation reserve	(148,214)
	(252,414)
Sales consideration	
Consideration received in cash	1,383,255
Net cash and bank balances disposed of	(2,533,088)
Net cash outflow from disposal of a subsidiary	(1,149,833)

14 Investments in Subsidiaries (cont'd)

Details of the subsidiaries of the Company are as follows:

Name of subsidiaries and country of incorporation	Principal activities	Effective equity held by the Company			Cost of investment		
		2018 %	2017 %	1 Jan 2017 %	2018 S$	2017 S$	1 Jan 2017 S$
Held by the Company							
Hi-Tech Distribution Pte Ltd [(a)] Singapore	Distributor of equipment and consumable materials for the electronic industry	100	100	100	1,301,400	1,301,400	1,301,400
Switech Systems & Marketing Pte Ltd [(a)] Singapore	Designer, assembler, supplier and installer of electrical switch boxes and retail and trading of new and used luxury goods	100	100	100	1,016,619	1,016,619	1,016,619
Luxury Watch Trading Limited [(b)] Hong Kong	Retail and trading of new and used luxury goods	100	100	100	7,614,344	7,614,344	7,614,344
Vashion Group (H.K.) Holdings Ltd [(b)] Hong Kong	Investment holding company and retail and trading of new and used luxury goods	100	100	100	1,405,454	1,405,454	1,405,454
PT. Louis Gianni ("PTLG") [(1)(d)] Indonesia	Wholesale and retail of garments	–	100	100	–	3,230,000	3,230,000
					11,337,817	14,567,817	14,567,817

[(1)] Mr Tansri Saridju Benui @ Chen Bing Wen, the former Executive Chairman of the Company, holds 2% of the equity interest in PTLG on behalf of the Company.

14 Investments in Subsidiaries (cont'd)

Name of subsidiaries and country of incorporation	Principal activities	Effective equity held by the Company		
		2018	2017	1 Jan 2017
		%	%	%
Held by Hi-Tech Distribution Pte Ltd				
Chemitec Industrial Private Limited [a] Singapore	Distributor of specialty chemical products and consumable materials for the electronic industry	100	100	100
Held by Vashion Group (H.K.) Holdings Ltd				
Sansim Cosmetics (H.K.) Ltd [b] Hong Kong	Trading of cosmetics products	100	100	100
FBT HK Limited [b] Hong Kong	Trading of body slimming products	100	100	100
Vashion Assets Management Limited [b] Hong Kong	Provision of consultancy service and investment holding	100	100	100
L&G Global Company Ltd [c] Cayman Islands	Dormant	100	100	100
Vashion Holdings Limited [c] British Virgin Islands	Dormant	100	100	100
Held by L&G Global Company Ltd				
Louis Gianni Asia Limited [c] British Virgin Islands	Dormant	100	100	100

[a] Audited by Moore Stephens LLP, Singapore

[b] Audited by Lau & Au Yeung C.P.A. Limited, Hong Kong

[c] Not required to be audited under the laws of country of incorporation

[d] Reviewed by Moore Stephens LLP, Singapore

15 Investments in Associate

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Unquoted shares, at cost	**1,281,726**	–	–	**1,281,726**	–	–
Share of loss	**(817)**	–	–	**–**	–	–
	1,280,909	–	–	**1,281,726**	–	–

Name of subsidiaries and country of incorporation	**Principal activities**	**Effective equity held by the Company**			**Cost of investment**		
		2018	**2017**	**1 Jan 2017**	**2018**	**2017**	**1 Jan 2017**
		%	**%**	**%**	**S$**	**S$**	**S$**
Held by the Company							
PT. Louis Gianni ("PTLG") [(1)(a)] Indonesia	Wholesale and retail of garments	49	–	–	1,280,909	–	–
Strong System Limited [(b)] Hong Kong	Trading of luxury goods in retail basis	49	–	–	817	–	–
Held by the Strong System Limited							
Empire Top Limited [(b)] Hong Kong	Rental of property	49	–	–	–	–	–

(a) Reviewed by Moore Stephens LLP, Singapore

(b) Audited by Ken T. W. C.P.A. Limited, Hong Kong

(1) Mr Tansri Saridju Benui @ Chen Bing Wen, the former Executive Chairman of the Company, holds 2% of the equity interest in PTLG on behalf of the Company.

15 Investments in Associate (cont'd)

The summarised financial information in respect of the Group's associate companies not adjusted for the proportion of ownership interest held by the Group is set out below.

	PT Louis Gianni 2018 S$	**Strong System Limited Subgroup** 2018 S$
Assets and Liabilities		
Non-current assets	–	107,157
Current assets	3,483,315	2,563,314
Current liabilities	(566,737)	(2,682,562)
Results		
Revenue	–	10,052,317
Loss before income tax for the year	–	(13,667)
Loss for the year	–	(13,667)
Total comprehensive loss for the year	–	(13,667)

16 Membership Rights

	Group		
	2018 S$	2017 S$	1 Jan 2017 S$
Transferable club membership rights, at cost	**73,300**	73,300	73,300
Less: Allowance for impairment loss	**(73,300)**	(49,400)	(49,400)
	–	23,900	23,900

Membership rights are registered and held in trust by a key management personnel of a subsidiary of the Group.

During the current financial year ended 31 December 2018, management performed an assessment of the recoverable amount of the membership rights. An allowance for impairment loss was made by the Group to fully write down the membership rights as the recoverable amount is assessed to be lower than the carrying amount, due to the country club having ceased operations.

17 Trademark

	Group		
	2018	2017	1 Jan 2017
	S$	S$	S$
Cost			
Balance as at 1 January	**–**	2,877,006	2,813,340
Disposed during the year	**–**	(2,877,006)	–
Currency realignment	**–**	–	63,666
Balance as at 31 December	**–**	–	2,877,006
Accumulated impairment loss			
Balance as at 1 January	**–**	(2,876,072)	(2,723,110)
Disposed during the year	**–**	2,876,072	–
Impairment loss recognised during the year	**–**	–	(87,027)
Currency realignment	**–**	–	(65,935)
Balance as at 31 December	**–**	–	(2,876,072)
Net book value			
Balance as at 31 December	**–**	–	934

The Group's trademark pertain to the "Louis Gianni".

During the previous financial year ended 31 December 2017, the Group disposed of its trademark for a total consideration of HK$5,000 (equivalent to S$934). The sales proceed of HK$5,000 had been received in cash.

18 Inventories

	Group		
	2018	2017	1 Jan 2017
	S$	S$	S$
At cost:			
Consumables and parts	**102,053**	73,237	53,156
Trading inventories	**2,247,804**	239,600	204,951
	2,349,857	312,837	258,107

During the financial year ended 31 December 2018, the Group wrote back an allowance for inventory obsolescence of S$310. There were no provisions made or write off of inventory made in the financial years ended 31 December 2018 and 2017.

19 Trade Receivables

	Group		
	2018	2017	1 Jan 2017
	S$	S$	S$
Trade receivables	**1,122,783**	1,269,614	1,311,528
Less: Allowance for impairment loss	**(197,494)**	(194,023)	(211,767)
	925,289	1,075,591	1,099,761

Trade receivables are non-interest bearing and are generally settled within 30 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

Movement in allowance for impairment loss:

	Group		
	2018	2017	1 Jan 2017
	S$	S$	S$
Balance as at 1 January	**(194,023)**	(211,767)	(207,080)
Currency realignment	**(3,471)**	17,744	(4,687)
Balance as at 31 December	**(197,494)**	(194,023)	(211,767)

20 Other Receivables and Prepayments

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Other receivables (a)	**2,863**	47,705	752,102	**–**	–	7,584
Less: Allowance for impairment loss	**–**	(37,635)	(736,682)	**–**	–	–
	2,863	10,070	15,420	**–**	–	7,584
Deposits	**15,793**	15,775	22,029	**3,310**	3,310	3,310
Faulty goods recoverable from supplier	**–**	110,260	310,225	**–**	–	–
Fixed deposits interest (Note 24)	**–**	100,276	121,083	**–**	–	–
Monies held in an escrow account*	**–**	–	42,881	**–**	–	–
Deferred expenses**	**–**	158,620	–	**–**	158,620	–
Prepayments	**7,968**	6,667	6,663	**5,573**	3,847	3,660
	26,624	401,668	518,301	**8,883**	165,777	14,554

* The monies held in an escrow account related to cash balances of the Group's wholly owned subsidiary, PTLG, in Indonesia.

** The deferred expenses relate to the costs arising from the Rights cum Warrants Issue completed in the financial year ended 31 December 2018 (Note 25(c)).

20 Other Receivables and Prepayments (cont'd)

(a) Other Receivables

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Consideration Disposal receivable	**–**	–	500,000	**–**	–	–
Others	**2,863**	47,705	252,102	**–**	–	7,584
	2,863	47,705	752,102	**–**	–	7,584
(Less): Allowance for impairment loss	**–**	(37,635)	(736,682)	**–**	–	–
	2,863	10,070	15,420	**–**	–	7,584

Movement in the allowance for impairment loss:

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Balance as at 1 January	**(37,635)**	(736,682)	(678,888)	**–**	–	–
Allowance for the year	**–**	–	(40,428)	**–**	–	–
Written off in the year	**38,308**	695,605	–	**–**	–	–
Currency realignment	**(673)**	3,442	(17,366)	**–**	–	–
Balance as at 31 December	**–**	(37,635)	(736,682)	**–**	–	–

During the current financial year, other receivables of S$38,308 (2017: S$695,605) was written off as the recovery of these amounts is remote.

21 Due from/(to) Subsidiaries

	Company		
	2018	2017	1 Jan 2017
	S$	S$	S$
Due from subsidiaries (non-trade)	**1,106,474**	1,443,038	1,415,043
Less: Allowance for impairment loss	**(1,103,281)**	(1,103,281)	(1,088,164)
	3,193	339,757	326,879
Due to subsidiaries (non-trade)	**(277,960)**	(592,278)	(584,278)

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

21 Due from/(to) Subsidiaries (cont'd)

Movement in allowance for impairment loss:

	Company		
	2018	2017	1 Jan 2017
	S$	S$	S$
Balance as at 1 January	(1,103,281)	(1,088,164)	(1,018,039)
Allowance for the year	–	(15,117)	(70,125)
Balance as at 31 December	(1,103,281)	(1,103,281)	(1,088,164)

The allowance for impairment loss was made by the Company to fully write down the receivables from certain subsidiaries to Nil as these subsidiaries continued to incur operating losses and/or were in net liabilities positions.

22 Due from Associate

	Group and Company		
	2018	2017	1 Jan 2017
	S$	S$	S$
Due from associate (non-trade)	**1,712,209**	–	–

The amount due from associate is unsecured, interest-free and repayable on demand in cash.

23 Loans to Subsidiaries

	Company		
	2018	2017	1 Jan 2017
	S$	S$	S$
Loans to subsidiaries	**16,393,784**	12,135,089	12,204,396
Less: Allowance for impairment loss	**(16,393,784)**	(12,135,089)	(12,204,396)
	–	–	–

Loans to subsidiaries are unsecured, repayable within next 12 months and bears interest rate at 3.5% per annum.

Movement in allowance for impairment loss:

	Company		
	2018	2017	1 Jan 2017
	S$	S$	S$
Balance as at 1 January	**(12,135,089)**	(12,204,396)	(12,409,952)
Allowance for the year	**(4,258,695)**	–	(15,500)
Reversal of allowance for the year	**–**	69,307	221,056
Balance as at 31 December	**(16,393,784)**	(12,135,089)	(12,204,396)

The allowance for impairment loss was made by the Company to fully write down the loans receivable from certain subsidiaries to Nil as these subsidiaries continued to incur operating losses and/or were in net liabilities positions.

24 Cash and Bank Balances and Fixed Deposits

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Cash and bank balances	**903,009**	1,026,097	1,248,081	**2,943**	9,400	267,656
Fixed deposits	**–**	2,464,703	3,219,236	**–**	–	–
	903,009	3,490,800	4,467,317	**2,943**	9,400	267,656
Less:						
Fixed deposits (more than 3 months)	**–**	(2,464,703)	(3,214,204)			
Pledged fixed deposits	**–**	–	(5,032)			
Cash and cash equivalents as per consolidated statement of cash flows	**903,009**	1,026,097	1,248,081			

As at 1 January 2017, the Group's fixed deposits of S$5,032 had been pledged as security in the previous financial years for bank guarantees (Note 34(a)) granted to the Group.

In the previous financial year ended 31 December 2017, the Group's fixed deposits have a maturity period of 5 months from the end of the financial year. The effective interest rates ranged from 0.63% to 7.25% per annum.

25 Share Capital

	Company			
	2018		2017	
	No. of ordinary shares	**S$**	No. of ordinary shares	S$
Issued and paid-up:				
Balance as at 1 January	**113,030,287**	**33,715,127**	1,051,385,163	33,502,693
Conversion of debts (a)	**–**	**–**	78,917,999	230,064
Rights cum warrants issue (c)	**1,086,345,633**	**5,431,728**		
Share issuance expenses	**–**	**(294,638)**	–	(17,630)
Balance before completion of share consolidation	**1,199,375,920**	**38,852,217**	1,130,303,162	33,715,127
Balance after completion of share consolidation (b)	**–**	**–**	113,030,287	33,715,127
Balance as at 31 December	**1,199,375,920**	**38,852,217**	113,030,287	33,715,127

The ordinary shares of the Company have no par value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25 Share Capital (cont'd)

The ordinary shares carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

(a) Conversion of debts

On 25 May 2017, the Company entered into a debt conversion agreement with two of its former independent directors, for the proposed conversion of directors fees of S$236,754 owing by the Group, into new ordinary shares ("Debt Conversion Shares") at a fixed conversion price of S$0.003 per Debt Conversion Share, which is at a premium of approximately 50.0% to the volume weighted average price for trades done in respect of the shares of the Company on the Catalist Board. On 8 September 2018, the Debt Conversion Shares were issued to the two former independent directors.

(b) Share consolidation

On 20 September 2017, the Company completed the share consolidation of every ten existing ordinary shares in the capital of the Company into one consolidated share. The issued share capital of the Company comprised 113,030,287 consolidated shares after disregarding any fractions of consolidated shares arising from the share consolidation.

(c) Rights cum warrants issue

On 25 May 2017, the Company announced a renounceable non-underwritten rights cum warrants issue ("Rights cum Warrants Issue") of up to 1,130,303,870 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S$0.005 for each Rights Share (the "Issue Price") and up to 565,151,435 free detachable warrants ("Warrants"), each Warrant carrying the right to subscribe for one (1) new share at an exercise price of $0.005 on the basis of ten (10) Rights Shares for every one (1) consolidated ordinary share as at the rights books closure date and one (1) Warrant for every two (2) Rights Shares subscribed.

Following the allotment and issuance of the 1,086,345,633 Rights Shares and 543,172,816 Warrants pursuant to the renounceable non-underwritten Rights Issue with Warrants on 12 March 2018, the number of issued and paid up Shares in the capital of the Company has increased from 113,030,287 shares to 1,199,375,920 Shares.

26 Performance Bonus Share Reserve

On 26 October 2010, the Group's wholly owned subsidiary, Vashion Assets Management Limited ("VAM"), had entered into a service agreement with two of its executive directors (the "Executives") to grant them performance bonuses in the form of new ordinary shares of the Company in lieu of cash payment (the "Performance Bonus Shares"). The service agreement setting out the terms of the Performance Bonus Shares was approved by a resolution of the Board of Directors of the Company on 27 January 2011.

As at 31 December 2011, a share-based payment expense amounted to S$1,652,591 was recognised, which represented management's best estimate of the number of Performance Bonus Shares expected to vest, i.e. 330,518,260 ordinary shares measured at a fair value of S$0.005 each. The fair value was determined by reference to the published market price of the Company's shares at grant date and did not incorporate any expected dividend. The granting of 330,518,260 Performance Bonus Shares was approved by a resolution of the Board of Directors of the Company on 22 February 2012.

26 Performance Bonus Share Reserve (cont'd)

Subsequently, the Board of Directors of the Company had decided to issue a total of 280,768,000 new ordinary shares of the Company to the Executives as Performance Bonus Shares, which represented a total fair value of S$1,403,840 measured using the fair value of S$0.005 each. The resulting difference of 49,750,260 Performance Bonus Shares and its equivalent value of approximately S$249,000, was accordingly, been adjusted as at 31 December 2012.

On 21 October 2013, VAM entered into a settlement agreement ("Settlement Agreement") with the Executives whereby it was agreed that an aggregate 280,768,000 new ordinary shares of the Company shall be issued to the Executives in equal proportion at a consideration of S$0.01 each. The issuance of the Revised Performance Bonus Shares was approved by the shareholders of the Company at an Extraordinary General Meeting held on 28 January 2014.

On 16 May 2016, the Company completed the share consolidation of every twenty five existing ordinary shares into one consolidated ordinary share in the capital of the Company. Accordingly, the balance of performance bonus shares brought down from 1 January 2016 has been adjusted prior to issuance.

On 6 June 2016, 11,230,720 Performance Bonus Shares were issued. As at 1 January 2017, there were no outstanding Performance Bonus Shares.

On 6 September 2017, a share incentive scheme known as the Vashion Performance Share Plan ("Vashion PSP") was approved by the shareholders at an Extraordinary General Meeting. Under the Vashion PSP, the eligible person ("Participant") will be awarded fully paid shares of the Company at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, *inter alia*, as the rank and responsibilities, performance, years of service, potential for future development of the Participant, contribution to success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period. The Vashion PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Vashion PSP is adopted. As at 31 December 2018, no shares were awarded to the participants under the Vashion PSP.

27 Translation Reserve

Exchange differences relating to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the translation reserve.

Movement in the translation reserve for the Group is set out in the consolidated statement of changes in equity.

28 Trade Payables

	Group		
	2018	2017	1 Jan 2017
	S$	S$	S$
Trade payables	**108,736**	128,620	210,510

Trade payables are non-interest bearing and are generally settled within 30 to 90 days.

29 Other Payables and Accruals

	Group			Company		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Other payables	**99,206**	547,629	95,197	**99,206**	362,846	95,197
Loan from a director of the Company (a)	**–**	326,554	–	**–**	–	–
Advances from directors of the Company (a)	**767**	–	–	**767**	–	–
Advances from directors of subsidiaries (a)	**–**	–	953	**–**	–	–
Accrued remuneration for the directors of the Company	**318,529**	760,951	726,259	**175,525**	162,210	306,153
Accrued remuneration for the directors of subsidiaries	**51,702**	232,432	299,858	**–**	–	–
Accrued operating expenses	**415,586**	226,618	306,938	**91,700**	91,650	114,101
GST/VAT payables / (receivables), net	**5,815**	(2,249)	(6,186)	**–**	(12,230)	(15,474)
Withholding tax payable	**–**	20,055	24,217	**–**	–	–
	891,605	2,111,990	1,447,236	**367,198**	604,476	499,977

(a) Loan from the director of the Company and advances from directors of the Company and subsidiaries are unsecured, interest-free and repayable on demand in cash. The loan from the director of the Company of S$326,554 in the previous financial year ended 31 December 2017 has been repaid in the current financial year.

Loan from a director of the Company

	2018	2017	1 Jan 2017
	S$	S$	S$
Balance as at the beginning of the year	**326,554**	–	–
Additions during the current year	**–**	326,554	–
Repayment during the current year	**(326,554)**	–	–
Balance as at the end of the year	**–**	326,554	–

30 Borrowings

	Group		
	2018	2017	1 Jan 2017
	S$	S$	S$
Loans from a related party			
Balance as at 1 January	**–**	37,343	240,162
Advances during the year	**–**	136,855	–
Repayments during the year	**–**	(171,069)	(204,583)
Currency realignment	**–**	(3,129)	1,764
Balance as at 31 December	**–**	–	37,343

In the previous financial year ended 31 December 2017, loans from a related party were unsecured, with a repayment period of 3 months and beared an interest rate of 36% per annum. Interest incurred on the loans obtained from the related party amounted to S$10,343 in that year.

The related party was a company in which a shareholder of the Company has an interest.

31 Related Party Transactions

A related party is defined as follows:

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

   i. Has control or joint control over the Company;
   ii. Has significant influence over the Company; or
   iii. Is a member of the key management personnel of the Group or Company or of a parent of the Company.

b. An entity is related to the Group and the Company if any of the following conditions apply:

   i. The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii. Both entities are joint venture of the same third party;
   iv. One entity is a joint ventures of a third entity and the other entity is an associate of the third entity;
   v. The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
   vi. The entity is controlled or jointly controlled by a person identified in (a);
   vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
   viii. The entity or any member of a group of which is a party, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and other related parties at terms agreed between the parties during the financial year:

	Group	
	2018	2017
	S$	S$
Rental expense payable to an associate	**16,860**	–

31 Related Party Transactions (cont'd)

Key Management Compensation

The remuneration of directors and other key management personnel during the financial year are as follows:

	Group	
	2018	2017
	S$	S$
Remuneration of directors of the Company		
- Salaries, bonuses and allowances	**516,125**	575,682
- Defined contribution plans	**2,581**	2,126
	518,706	577,808
Directors' fees	**146,882**	125,710
Remuneration of directors of subsidiaries		
- Salaries, bonuses and allowances	**–**	3,000
- Defined contribution plans	**–**	277
	–	3,277
Other key management personnel		
- Salaries and bonuses	**685,886**	330,280
- Defined contribution plans	**11,215**	17,063
	697,101	347,343
	1,362,689	1,054,138

32 Commitments

Operating Lease Commitment

As at the statement of financial position date, the Group leases offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. The future minimum lease payable under non-cancellable operating leases contracted for as at the statement of financial position date but not recognised as liabilities in the financial statements are as follows:

		Group	
	2018	2017	1 Jan 2017
	S$	S$	S$
Within one year	**64,800**	147,853	51,300
More than one year but not later than five years	**–**	196,794	–
	64,800	344,647	51,300

33 Segment Information

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's executive directors (the chief operating decision maker) reviews internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

Segment 1 : Distribution of specialty chemical products and consumable material for electronic industry ("Distribution")
Segment 2 : Switchgear design and assembly
Segment 3*: Wholesale/Retail business in garments and cosmetic products ("Wholesale/Retail business")
Segment 4*: Consultancy
Segment 5 : Retail of luxury goods ("Luxury goods")

* The segments have been discontinued since prior year (Note 11). Management has the intention to liquidate these subsidiaries within the next 12 months from the reporting date.

Other operations include investment holding companies. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2018 or 2017.

33 Segment Information (cont'd)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit after income tax, as included in the internal management reports that are reviewed by the Group's executive directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Distribution	Switchgear design and assembly	Wholesale/ Retail business (Discontinued)	Consultancy (Discontinued)	Luxury goods	Others	Group
	S$	S$	S$	S$	S$	S$	S$
2018							
Segment revenue	2,767,143	4,750	–	–	8,282,628		11,054,521
Segment result	(36,775)	(4,780)	(143,889)	(3,140)	(991,092)	(753,192)	(1,932,868)
Finance costs							(505)
Share of loss of associate							(817)
Consolidated loss for the year							(1,934,190)
Depreciation of plant and equipment	(11,216)	(931)	(15,484)	–	–	(3,835)	(31,466)
Write off of other receivables	–	–	–	–	(7,347)	–	(7,347)
Allowance for impairment of membership rights	(23,900)	–	–	–	–	–	(23,900)
Write back of allowance for stock obsolescence	310	–	–	–	–	–	310
Net loss on disposal of investment in a subsidiary	–	–	–	–	–	(252,414)	(252,414)
Segment assets	2,041,793	8,601	59,821	–	2,405,955	2,747,405	7,263,575
Segment liabilities	184,522	55,160	69,859	4,654	382,434	367,147	1,063,776
2017							
Segment revenue	3,213,509	32,860	–	–	–	–	3,246,369
Segment result	(11,476)	(17,421)	(455,715)	(4,376)	–	(2,079,276)	(2,568,264)
Finance costs							(10,747)
Consolidated loss for the year							(2,579,011)
Depreciation of plant and equipment	(11,724)	(1,095)	(3,986)	–	–	(5,746)	(22,551)
Bad debt written off (trade)	–	–	(6,177)	–	–	–	(6,177)
Segment assets	1,877,265	10,866	3,333,591	–	–	179,098	5,400,820
Segment liabilities	214,454	56,159	404,080	5,257	–	1,624,524	2,304,474

33 Segment Information (cont'd)

Geographical information

The Group's business segments operate in two main geographic areas:

- Asia Pacific - The Company is headquartered and has operations in Singapore. The operations in this area include investment holding, provision of administrative and management service, distribution of specialty chemical products and consumable material for the electronic industry and switchgear design and assembly services.
- People's Republic of China ("PRC") - The operations in this area include investment holding and sale of luxury goods in Hong Kong.

	Revenue		Non-current Assets	
	2018	2017	**2018**	2017
	S$	S$	**S$**	S$
Asia Pacific	**2,771,893**	3,246,369	**1,287,818**	46,792
PRC	**8,282,628**	–	**58,769**	73,132
	11,054,521	3,246,369	**1,346,587**	119,924

34 Financial Risk Management

(a) Financial Risk Management Policies and Objectives

The Group's and Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group and the Company seeks to minimise the effects of these risks by continually monitoring the financial risk management process to ensure that an appropriate balance between risk and control is achieved. The Board of Directors is responsible for setting the objectives and policies implemented to mitigate the risk exposures. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

The following section provide details regarding the Group's and Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Market Risk

Currency risk

As certain of the Group's transactions are denominated in United States Dollar ("USD") and Pound Sterling ("BPD"), it is subject to foreign exchange risk exposure. As at the statement of financial position date, the Group has receivables, payables, borrowings and lease obligations, fixed deposits and cash and bank balances denominated in Singapore Dollar ("S$"), USD, Hong Kong Dollar ("HKD"), BPD and Indonesia Rupiah ("IDR"). Accordingly, the Group's statement of financial position can be affected by movements in these currency exchange rates.

	S$	USD	HKD	BPD	IDR	Total
	S$	S$	S$	S$	S$	S$
Group						
2018						
Financial assets						
Trade receivables	60,483	864,806	–	–	–	925,289
Other receivables and deposits	17,633	–	1,023	–	–	18,656
Due from associate	–	–	1,712,209	–	–	1,712,209
Cash and bank balances/ (overdraft)	164,003	739,555	(549)	–	–	903,009
	242,119	1,604,361	1,712,683	–	–	3,559,163
Financial liabilities						
Trade payables	–	47,569	798	60,369	–	108,736
Other payables and accruals	486,396	–	399,394	–	–	885,790
Lease obligations	6,680	–	–	–	–	6,680
	493,076	47,569	400,192	60,369	–	1,001,206
Net financial assets/ (liabilities)	(250,957)	1,556,792	1,312,491	(60,369)	–	2,557,957
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	251,031	–	399,718	–	–	650,749
Foreign currency exposure	74	1,556,792	1,712,209	(60,369)	–	3,208,706

34 **Financial Risk Management** (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Market Risk (cont'd)

Currency risk (cont'd)

	S$	USD	HKD	BPD	IDR	Total
	S$	S$	S$	S$	S$	S$
Group (cont'd)						
2017						
Financial assets						
Trade receivables	110,908	964,683	–	–	–	1,075,591
Other receivables and deposits	18,185	–	7,660	–	100,276	126,121
Fixed deposits	–	–	–	–	2,464,703	2,464,703
Cash and bank balances/ (overdraft)	139,228	199,894	(6,058)	–	693,033	1,026,097
	268,321	1,164,577	1,602	–	3,258,012	4,692,512
Financial liabilities						
Trade payables	351	75,685	784	51,800	–	128,620
Other payables and accruals	999,114	–	1,037,396	–	77,729	2,114,239
Lease obligations	8,107	–	–	–	–	8,107
	1,007,572	75,685	1,038,180	51,800	77,729	2,250,966
Net financial assets/ (liabilities)	(739,251)	1,088,892	(1,036,578)	(51,800)	3,180,283	2,441,546
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	466,105	–	1,036,578	–	(3,180,283)	(1,677,600)
Foreign currency exposure	(273,146)	1,088,892	–	(51,800)	–	763,946

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Market Risk (cont'd)

Currency risk (cont'd)

	S$	USD	HKD	BPD	IDR	Total
	S$	S$	S$	S$	S$	S$
Group (cont'd)						
1 Jan 2017						
Financial assets						
Trade receivables	93,642	952,719	53,400	–	–	1,099,761
Other receivables and deposits	22,354	43,428	14,548	–	121,083	201,413
Fixed deposits	5,032	–	–	–	3,214,204	3,219,236
Cash and bank balances	909,919	263,360	18,464	–	56,338	1,248,081
	1,030,947	1,259,507	86,412	–	3,391,625	5,768,491
Financial liabilities						
Trade payables	14,633	185,678	856	9,343	–	210,510
Other payables and accruals	891,002	–	537,250	–	25,170	1,453,422
Borrowings	–	–	37,343	–	–	37,343
	905,635	185,678	575,449	9,343	25,170	1,701,275
Net financial assets/ (liabilities)	125,312	1,073,829	(489,037)	(9,343)	3,366,455	4,067,216
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(12,419,849)	–	489,037	–	(3,366,455)	(15,297,267)
Foreign currency exposure	(12,294,537)	1,073,829	–	(9,343)	–	(11,230,051)

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Market Risk (cont'd)

Currency risk (cont'd)

The following table details the sensitivity to a 10% increase and decrease in the Singapore Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the Singapore Dollar strengthen by 10% against the relevant foreign currencies, with all variables including tax rate being held constant, the Group's loss before income tax will increase/(decrease) by:

	USD	HKD	BPD
	S$	S$	S$
Group			
2018			
Loss before income tax	(155,679)	(171,221)	6,037
2017			
Loss before income tax	(108,889)	–	5,180
1 Jan 2017			
Loss before income tax	(107,383)	–	934

A 10% weakening of the Singapore Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above on the basis that all other variables including tax remain constant.

The Group is also exposed to currency translation risk arising from its net investments in its foreign operations in the PRC, Hong Kong and Indonesia. The Group's net investments are not hedged as they are considered to be long-term in nature.

Company

With the exception of the amount due from associate, which is denominated in HKD, the Company's transactions are primarily denominated in Singapore Dollar, and hence it is subject to minimal foreign currency risk exposure. The Company's statement of financial position is denominated in Singapore Dollar and therefore there is no significant exposure to foreign currency risk. The impact of a 10% strengthening of the Singapore Dollar against the HKD is disclosed above.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Market Risk (cont'd)

Interest rate risk

The Group obtains additional financing through borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its interest rate risk. The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at the statement of financial position date, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk as at the statement of financial position date:

	2018	2017	1 Jan 2017
	S$	S$	S$
Within one year			
Fixed rates			
Fixed deposits	**–**	2,464,703	3,219,236
Lease obligations	**1,540**	1,427	–
Borrowings	**–**	–	37,343
More than one year			
Fixed rates			
Lease obligations	**5,140**	6,680	–

Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks. The Group's profit or loss are not affected by changes in interest rates as the interest bearing financial instruments carry interest at fixed rates.

Company

The Company's financial instruments have no significant exposure to interest rate risk.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity Risk

The Group and the Company monitor its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. For the current financial year, the Group has net cash outflow from its operations. Notwithstanding this, management ensure the Group and the Company have sufficient cash resources on demand to meet expected operational expenses including the servicing of financial obligations. Further discussion on the Group's liquidity risk is disclosed in Note 2(b).

The following tables detail the remaining contractual maturity for the Group's and the Company's financial liabilities as at the statement of financial position date. The tables have been drawn up with the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group/Company can be required to pay.

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	After 5 years
	S$	S$	S$	S$	S$
Group					
2018					
Trade payables	108,736	108,736	108,736	–	–
Other payables and accruals	885,790	885,790	885,790	–	–
Lease obligations	6,680	7,567	1,932	5,635	–
	1,001,206	1,002,093	996,458	5,635	–
2017					
Trade payables	128,620	128,620	128,620	–	–
Other payables and accruals	2,114,239	2,114,239	2,114,239	–	–
Lease obligations	8,107	9,499	1,932	7,567	–
	2,250,966	2,252,358	2,244,791	7,567	–
1 Jan 2017					
Trade payables	210,510	210,510	210,510	–	–
Other payables and accruals	1,453,422	1,453,422	1,453,422	–	–
Borrowings	37,343	38,463	38,463	–	–
	1,701,275	1,702,395	1,702,395	–	–

34 **Financial Risk Management** (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Liquidity Risk (cont'd)

	Carrying amount S$	Contractual cash flows S$	Cash flows: Within 1 year S$	Cash flows: Within 1 to 5 years S$	Cash flows: After 5 years S$
Company					
2018					
Other payables and accruals	367,198	367,198	367,198	–	–
Due to subsidiaries	277,960	277,960	277,960	–	–
	645,158	645,158	645,158	–	–
2017					
Other payables and accruals	616,706	616,706	616,706	–	–
Due to subsidiaries	592,278	592,278	592,278	–	–
	1,208,984	1,208,984	1,208,984	–	–
1 Jan 2017					
Other payables and accruals	515,451	515,451	515,451	–	–
Due to subsidiaries	584,278	584,278	584,278	–	–
	1,099,729	1,099,729	1,099,729	–	–

As at the statement of financial position date, the banking facility available to the Group is as follows:

	Group: 2018 S$	Group: 2017 S$	Group: 1 Jan 2017 S$
Secured bank facility for issuance of bank guarantees to third parties			
- amount used	–	–	4,750
- amount unused	–	–	250
	–	–	5,000

The bank guarantees issued were secured on the Group's fixed deposits of S$5,032 (Note 24). As at the end of the current financial year, no bank guarantees were issued to the Group.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group minimises credit risk by dealing exclusively with high credit rating counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 365 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations, actual or expected significant changes in the operating results of the debtor, significant increases in credit risk on other financial instruments of the same debtor and significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

As at the statement of financial position date, 82% (2017: 82%) of the Group's trade receivables comprised 1 (2017: 1) customer. Notwithstanding there is a significant concentration of credit risk, management has assessed the customer as low credit risk based on its reputation, payment track records and on-going business relationship with the customer.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group determined that its financial assets are credit-impaired when there is significant difficulty of the debtor, a breach of contract, such as a default or past due event, it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation and there is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is <365 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debt or has no realistic prospect of recovery.	Amount is written off

Cash and cash equivalents

The cash and cash equivalents are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Trade receivables

As disclosed in Note 3(b), the Group uses a provision rate to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on these financial assets are estimated using a provision rate based on the Group's historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Accordingly, trade receivables past due more than 365 days amounting to S$197,494 has been provided full allowance for impairment. The remaining amount are past due less than 365 days, and there has not been a significant increase in credit risk since initial recognition.

Information regarding loss allowance movement of trade receivables is disclosed in Note 19.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

Credit risk exposure and significant credit risk concentration

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Group					
2018					
Trade receivables (Note 19)	Performing	Lifetime ECL (Simplified)	1,122,783	(197,494)	925,289
Other receivables (Note 20)	Performing	12-month ECL	18,656	–	18,656
Due from associate (Note 22)	Performing	12-month ECL	1,712,209	–	1,712,209
2017					
Trade receivables (Note 19)	Performing	Lifetime ECL (Simplified)	1,269,614	(194,023)	1,075,591
Other receivables (Note 20)	Performing	12-month ECL	163,756	(37,635)	126,121
1 Jan 2017					
Trade receivables (Note 19)	Performing	Lifetime ECL (Simplified)	1,311,528	(211,767)	1,099,761
Other receivables (Note 20)	Performing	12-month ECL	938,095	(736,682)	201,413

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Company					
2018					
Other receivables (Note 20)	Performing	12-month ECL	3,310	–	3,310
Due from subsidiaries (Note 21)	Note 1	12-month ECL	1,106,474	(1,103,281)	3,193
Due from associate (Note 22)	Performing	12-month ECL	1,712,209	–	1,712,209
Loan to subsidiaries (Note 23)	Note 1	12-month ECL	16,393,784	(16,393,784)	–
2017					
Other receivables (Note 20)	Performing	12-month ECL	3,310	–	3,310
Due from subsidiaries (Note 21)	Note 1	12-month ECL	1,443,038	(1,103,281)	339,757
Loan to subsidiaries (Note 23)	Note 1	12-month ECL	12,135,089	(12,135,089)	–

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Credit Risk (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows: (cont'd)

	Internal credit rating	ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Company					
1 Jan 2017					
Other receivables (Note 20)	Performing	12-month ECL	10,894	–	10,894
Due from subsidiaries (Note 21)	Note 1	12-month ECL	1,415,043	(1,088,164)	326,879
Loan to subsidiaries (Note 23)	Note 1	12-month ECL	12,204,396	(12,204,396)	–

Note 1 - The Group have applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The details of the loss allowance for these financial assets are disclosed in Notes 21 and 23.

SFRS 39 - financial assets that are neither past due nor impaired

As at 31 December 2017 and 1 January 2017, trade and other receivables that are neither past due nor impaired are with credit-worthy debtors. Cash at banks and other financial assets are placed or entered into with reputable financial institutions.

Capital Risk Management

The Group and the Company manages its capital to ensure that entities in the Group and the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 1 January 2017.

34 Financial Risk Management (cont'd)

(a) Financial Risk Management Objectives and Policies (cont'd)

Capital Risk Management (cont'd)

The capital structure of the Group/Company consists of net debts (total liabilities excluding income tax payable, less cash and cash equivalents) and equity of the Group/Company (comprising all components of shareholders' equity).

The Group is not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 2017 and as at 1 January 2017.

The Group monitors capital with reference to a net debt-to-equity ratio, which as at the statement of financial position date is as follows:

	Group			**Company**		
	2018	2017	1 Jan 2017	**2018**	2017	1 Jan 2017
	S$	S$	S$	**S$**	S$	S$
Total debts	**1,007,021**	2,248,717	1,695,089	**645,158**	1,196,754	1,084,255
Less: Cash and cash equivalents (Note 24)	**(903,009)**	(1,026,097)	(1,248,081)	**(2,943)**	(9,400)	(267,656)
Net debt	**104,012**	1,222,620	447,008	**642,215**	1,187,354	816,599
Total equity	**6,199,799**	3,096,346	4,647,352	**3,666,841**	2,450,703	2,663,103
Net debt-to-equity ratio	**0.02**	0.39	0.10	**0.18**	0.48	0.31

(b) Fair Value

The carrying amount of the Group's and Company's financial assets and financial liabilities with a maturity of less than one year, which are primarily trade and other receivables and payables, due from/(to) subsidiaries, loans to subsidiaries, due from associate and borrowings is a reasonable approximation of fair value because of their relatively short term period of maturity.

The fair value of financial liability with a maturity of more than one year is approximate to its carrying value.

STATISTICS OF SHAREHOLDINGS

As at 25 March 2019

Share Capital Information

Issued and paid-up share capital	S$38,852,217
Number of Shares	1,199,375,920
Class of shares	Ordinary share
Voting rights	One vote per share
Number of treasury shares and subsidiary holdings held	Nil

Distribution of Shareholdings as at 25 March 2019

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	721	25.52	27,940	0.00
100 – 1,000	1297	45.91	491,366	0.04
1,001 - 10,000	425	15.04	1,421,186	0.12
10,001 - 1,000,000	304	10.76	47,880,545	3.99
1,000,001 AND ABOVE	78	2.77	1,149,554,883	95.85
Total	2,825	100.00	1,199,375,920	100.00

List of 20 Largest Shareholders as at 25 March 2019

No.	Name	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE.LTD.	428,487,306	35.73
2	MISSION WELL LIMITED	337,583,826	28.15
3	PHILLIP SECURITIES PTE LTD	44,111,742	3.68
4	HSBC (SINGAPORE) NOMINEES PTE LTD	22,110,000	1.84
5	WONG HAN YEW	19,925,780	1.66
6	HERJANTO RUSLI	17,886,000	1.49
7	SOLIGNY BRUNO LUDOVIC	15,091,740	1.26
8	RAFFLES NOMINEES(PTE) LIMITED	13,480,374	1.12
9	LAU HAW PING	11,970,500	1.00
10	UOB KAY HIAN PTE LTD	11,744,622	0.98
11	CHIA KAR SOCK	10,378,836	0.87
12	NG SENG HONG	10,300,000	0.86
13	DBS NOMINEES PTE LTD	9,946,954	0.83
14	TAN CHIP SIN	9,900,530	0.83
15	TEO EE PING	9,030,000	0.75
16	TAN LYE SENG	8,801,910	0.73
17	TANSRI SARIDJU BENUI @CHEN BING WEN	8,137,000	0.68
18	LEE TONG LAM	7,724,100	0.64
19	CHONG VOON TECK	7,496,000	0.62
20	NEO CHIN LEONG	7,000,990	0.58
	TOTAL	**1,011,108,210**	**84.30**

STATISTICS OF SHAREHOLDINGS

As at 25 March 2019

Substantial Shareholders as at 26 March 2019

(As shown in the Register of Substantial Shareholders)

Name of Shareholders	Direct Interest	%	Deemed Interest	%
Christian Kwok-Leun Yau Heilesen	–	–	359,693,826	29.99
Zhou QiLin	359,693,826	29.99	–	–
Mission Well Limited	337,583,826	28.15	–	–

Percentage of Shareholdings in Public Hands

Based on information available to the Company as at 31 December 2018 approximately 40.02% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Section B: Rules of Catalist of the SGX-ST Listing Manual is complied with.

Notes:

Mr. Christian Kwok-Leun Yau Heilesen is deemed interested in the 337,583,826 shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in 22,110,000 shares held by Go Best Holdings Limited which ultimate holding company is the trustee of CKLY Family Trust (which the beneficiaries are family members of CKLY).

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

DISTRIBUTION OF **WARRANT HOLDINGS**

As at 25 March 2019

Distribution of Warrant holdings as at 25 March 2019

Exercise Price:	$0.005 (0.5 cents) for each new share on the exercise of a warrant
Exercise Period:	Commencing on 12 March 2018 and expiring at 5:00 p.m. on 11 March 2021 pursuant to the Deed Poll
Warrant Agent:	KCK Corpserve Pte Ltd

Size of Warrant Holdings	No. of Shareholders	%	No. of Shares	%
100 – 1,000	1	0.46	400	0.00
1,001 - 10,000	25	11.42	131,136	0.02
10,001 - 1,000,000	154	70.32	39,923,004	7.35
1,000,001 AND ABOVE	39	17.80	503,118,276	92.63
Total	219	100.00	543,172,816	100.00

List of 20 Largest Warrant holders as at 25 March 2019

No.	Name	No. of Shares	%
1	MAYBANK KIM ENG SECURITIES PTE.LTD.	205,901,613	37.907
2	MISSION WELL LIMITED	165,834,563	30.531
3	PHILLIP SECURITIES PTE LTD	20,214,300	3.722
4	WONG HAN YEW	10,000,000	1.841
5	HERJANTO RUSLI	8,130,000	1.497
6	HSBC (SINGAPORE) NOMINEES PTE LTD	7,305,000	1.345
7	LAU HAW PING	5,500,000	1.013
8	UOB KAY HIAN PTE LTD	5,200,000	0.957
9	CHIA KAR SOCK	5,189,380	0.955
10	RAFFLES NOMINEES(PTE) LIMITED	5,155,500	0.949
11	TAN CHIP SIN	5,001,000	0.921
12	NG SENG HONG	5,000,000	0.921
13	LEE WAH HENG @YEE AH HENG	4,500,000	0.828
14	TEO EE PING	4,500,000	0.828
15	DBS NOMINEES PTE LTD	4,148,200	0.764
16	TANSRI SARIDJU BENUI @CHEN BING WEN	3,700,000	0.681
17	NG SONG HOY THERESA	3,000,000	0.552
18	TAN GEK POEY	2,950,000	0.543
19	LILYANTI RUSLI	2,849,000	0.525
20	NEO CHIN LEONG	2,550,450	0.47
	TOTAL	**476,629,006**	**87.75**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Hotel Re! @ Pearl's Hill, Rejoice Ballroom at Ground Floor, 175A Chin Swee Road, Singapore 169879 on Tuesday, 30 April 2019 at 3:00 p.m. to transact the following businesses:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 and the Directors' Statement and Auditors' Report thereon. **(Resolution 1)**

2. To approve the Directors' fees of S$146,882 (2017: **S$169,992**) for the financial year ended 31 December 2018. **(Resolution 2)**

3. To re-elect Mr Christian Kwok-Leun Yau Heilesen, a Director who will retire pursuant to Article 103 of the Constitution of the Company: **(Resolution 3)**

   Detailed information of Mr Christian Kwok-Leun Yau Heilesen can be found under the sections, "Directors' Profile" in the Annual Report and "Key Information of Directors" in the Corporate Governance Statement contained in the Annual Report.

4. To re-elect Ms Zhou Jia Lin, a Director who will retire pursuant to Article 103 of the Constitution of the Company. **(Resolution 4)**

   Ms Zhou Jia Lin will upon re-election as Director of the Company, remain as member of the Audit Committee. Detailed information of Ms Zhou Jia Lin can be found under the sections, "Directors' Profile" in the Annual Report and "Key Information of Directors" in the Corporate Governance Statement contained in the Annual Report.

5. To re-appoint Moore Stephens LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

To consider and if thought fit, pass the following ordinary resolutions, with or without modifications:-

6. Authority to issue shares

   (a) "That pursuant to Section 161 of the Companies Act, and the rules under Section B: Rules of Catalist of the SGX-ST Listing Manual (the "Rules of Catalist"), approval be and is hereby given to the Directors of the Company, to:

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

      (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion deem fit;

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

(i) the aggregate number of shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued Shares (excluding treasury shares) of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares excluding treasury shares, and for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares excluding treasury shares shall be based on the Company's total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST or the Sponsor) and the Constitution for the time being of the Company; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." **(Resolution 6)**

(See Explanatory Note 1)

7. Authority to grant awards and issue shares under the Vashion Performance Share Plan

"That approval be and is hereby given to the Directors to grant awards in accordance with the provisions of the Vashion Performance Share Plan ("Vashion PSP") adopted on 6 September 2017 and to allot and issue (pursuant to Section 161 of the Companies Act) and /or transfer from time to time such number of fully paid-up shares as may be required to be delivered pursuant to the vesting of awards under the Vashion PSP, provided that:

(i) the aggregate number of new shares to be issued and/or existing shares to be transferred pursuant to the vesting of awards granted or to be granted under the Vashion PSP and all other share based schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares) on the day preceding that date; and

(ii) to apply any share purchased or acquired under any share purchase mandate and to deliver such existing shares (including any treasury shares) towards the satisfaction of awards granted under the Vashion PSP."

(Resolution 7)

(See Explanatory Note 2)

NOTICE OF **ANNUAL GENERAL MEETING**

ANY OTHER BUSINESS

8. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Executive Director
Christian Kwok-Leun Yau Heilesen
15 April 2019

Explanatory Notes on Special Business:

1. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 per cent of the total number of issued Shares excluding treasury shares of the Company, of which the total number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 50 percent of the total number of issued Shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(2) of the Rules of Catalist currently provides that the total number of issued Shares excluding treasury shares of the Company for this purpose shall be the total number of issued Shares excluding treasury shares at the time this resolution is passed (after adjusting for new Shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's Shares). This authority will, unless revoked or varied at a general meeting, expire at 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.

2. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the directors to offer and grant awards pursuant to the Vashion PSP and to issue shares or transfer existing shares of the Company pursuant to the vesting of awards granted under the Vashion PSP provided that: (a) the aggregate number of new shares to be issued and/or existing shares to be transferred shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) on the date preceding that date. The Vashion PSP was approved by shareholders at the extraordinary general meeting held on 6 September 2017.

Notes:

1. A member who is **not** a relevant intermediary is entitled to **appoint not more than two proxies** to attend, speak and vote at the 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.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number 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, Chapter 50.

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

4. The instrument appointing a proxy must be lodged at the registered office of the Company at 280 Woodlands industrial Park E5 #10-50,Harvest @ Woodlands Singapore 757322 at least 48 hours before the time appointed for the Annual General Meeting.

5. The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the Annual General Meeting if he so wishes. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the Annual General Meeting.

6. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

7. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Annual General Meeting in person as proxy of his/her CPF and/or SRS Approved Nominee. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Hong Leong Finance Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr Tang Yeng Yuen.
Telephone number: +65 6415-9886

Personal data privacy:

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

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PROXY FORM

VASHION GROUP LTD.

(Incorporated in the Republic of Singapore)
Registration No. 199906220H

IMPORTANT
1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend the Meeting and vote.
2. For investors who have used their CPF monies to buy Vashion Group Ltd's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees.
3. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________

of ______________________________

being *a member/members of VASHION GROUP LTD. (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings (%)
*and/or			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies, to vote for *me/us on *my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held Hotel Re! @ Pearl's Hill, Rejoice Ballroom at Ground Floor, 175A Chin Swee Road, Singapore 169879 on Tuesday, 30 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 Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "**X**" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	No. of Votes	
		For**	Against**
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December 2018 and the Directors' Statement and Auditors' Report thereon.		
2.	To approve the Directors' fee of S$146,882 for the financial year ended 31 December 2018.		
3.	To re-elect Mr Christian Kwok-Leun Yau Heilesen, a Director of the Company, pursuant to Article 103 of the Constitution.		
4.	To re-elect Ms Zhou Jia Lin, a Director of the Company pursuant to Article 103 of the Constitution.		
5.	To re-appoint Moore Stephens LLP as Auditors of the Company and to authorize the Directors to fix their remuneration.		
6.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
7.	To authorise Directors to grant awards and issue shares under the Vashion Performance Share Plan		

* delete where applicable
** All resolutions would be put to vote by poll in accordance with listing rule of Singapore Exchange Securities Trading Limited.

Please cross "X" or indicate the number of votes within the box provided. A tick would represent you are exercising all your votes "For" or "Against" the relevant resolution.

Dated this ____________ day of ____________________ 2019.

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM

Notes:

1. 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 ("**AGM**"). 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.

2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, 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 of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 (the "Companies Act").

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

5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

6. Where a member of the Company appoints more than one proxy in a proxy form, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the meeting.

8. This instrument appointing a proxy or proxies must be under the hand of the appointor or 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 duly authorized officer.

9. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with the Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore

10. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at the office of the Company's registered office at 280 Woodlands industrial Park E5 #10-50,Harvest @ Woodlands Singapore 757322 OR at the office of the Company's Share Registrar, KCK CorpServe Pte Ltd at 333 North Bridge Road #08-00 KH KEA Building Singapore 188721 not later than 48 hours before the time set for the AGM.

11. A member should insert the total number of shares held. 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 of the Company, he should insert the 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 of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

12. 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 appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

13. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the AGM.

14. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM.

VASHION Group Ltd.

金洋環球集團有限公司

VASHION GROUP LTD.

(Company Registration Number: 199906220H)

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