polaris

2018
ANNUAL
REPORT

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Disclaimer

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte. Ltd., for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of the annual report. This annual report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

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LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

DEVELOPMENTS IN FY2018

It has been an eventful year. In 2018, the Company undertook several strategic initiatives in order to strengthen our financial position and transform our business. The Group welcomed experienced industry leaders to our board and executive management team and realigned our operations with the disposal of two business units. We believe that these changes will provide the platform to drive sustainable growth in both our existing and new business segments.

The global economy continues to be fraught with uncertainties, with trade conflicts dampening economic sentiment amid signs of slowing growth. These factors exert further pressure on the retail industry, where profitability is already strained by fierce online competition and elevated rental costs. The Singapore telecommunications sector saw increased competition from mobile virtual network operators (“MVNOs”). The anticipated entry of the fourth telecommunications operator into the saturated industry has also spurred the incumbents to innovate and launch new mobile plans and data packages in order to fend off the increased competition.

We also observe that leading brands such as Apple and Dyson are augmenting their premium products with best in class customer service experiences. In addition, we recognise that Singapore has been at the forefront of embracing technology and implementing the disciplines of science, technology, engineering and mathematics (“STEM”) through continuous education to equip the workforce, teachers and students for the Industry 4.0 revolution. The education and entertainment sectors are also harnessing the growing capabilities of robotics to innovate on the delivery of products and services.

In light of the evolving business landscape, Polaris has proactively rebalanced our portfolio. We have reduced our exposure to the retail telecommunications business in Singapore with the disposal of Polaris Telecom Pte Ltd. Following our strategic review, the Group is reallocating its resources to focus on developing our corporate business-to-business (“B2B”) sales, distribution, customer service, as well as to expand our presence in the growing educational robotics sectors.

The Company is pleased to have been enlisted in the Apple Device Enrollment Program (“DEP”), which is slated for launch to our customers in 2019. This will enable us to enhance our service to our growing list of corporate clients. We have also more than doubled our service capacity for Dyson and are pleased to commence the year with a newly renovated and expanded service centre. Our Tech Lifestyle division has also witnessed substantial growth with a more comprehensive suite of products. We have collaborated actively with the regulatory bodies and institutions such as the Infocommunications Media Development Authority, National Library Board, schools and retail partners to create awareness and generate interest among students for STEM-based activities. Furthermore, as the sole distributor of Makeblock in Singapore, Polaris was proud to organise the highly successful 2018 MakeX SG Robotics Competition.

On the regional front, Polaristitans delivered another solid year through sound account management through a targeted approach on key dealers and corporate accounts as well as reliable product forecasting. As part of our strategic review, we decided to exit the Myanmar business. This allows the Company to strengthen its financial position and utilise its resources to focus on the promising businesses.

FINANCIAL REVIEW

The Group posted revenue of S$23.1 million for the financial year ended 31 December 2018 (“FY2018”) compared to S$34.7 million in the previous year. The challenging operating environment had significantly affected our top line. The turnover comparison excludes contributions from Polaris Telecom Pte Ltd as we had divested our retail telecommunications business in Singapore in FY2018. The Group recorded profit attributable to shareholders of S$0.2 million for FY2018 compared to S$1.0 million in the financial year ended 31 December 2017 (“FY2017”), partly due to gain on disposal of Polaris Telecom Pte Ltd, offset by lower gross profit and write-off of loan receivable from our Myanmar franchisee. Nevertheless, we have strengthened our financial position with the cash proceeds received from the disposal of two business units. Net assets increased significantly from S$14.4 million in FY2017 to S$60.5 million in FY2018. This was mainly due to the recognition of S$46.2 million attributed to the fair value of the Group’s 8.22% investment in PT Trikomsel Oke Tbk, whose shares had resumed trading on the Indonesia Stock Exchange in FY2018.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

As part of Polaris’ commitment to actively support the communities in which we live and work, our employees and their families volunteered at the Willing Hearts soup kitchen in September 2018.

Willing Hearts is wholly run by volunteers, apart from a handful of staff. It operates a soup kitchen that prepares, cooks and distributes about 5,000 daily meals to over 40 locations islandwide throughout the year. Beneficiaries include the elderly, the disabled, low income families, children from single parent families or otherwise poverty stricken families, and migrant workers in Singapore.

We are grateful to do our part to serve and contribute to our society so as to improve the lives of others.

Polaris believes that incorporating sustainability metrics into our business operations is integral to creating value for our stakeholders. For more information on our sustainability efforts, performance and strategies in FY2018, please refer to the Sustainability Report on pages 10 to 20.

THE BOARD AND MANAGEMENT

We would like to extend a warm welcome to our new Non Executive Independent Director, Mr Masahiko Yabuki and Executive Director and Chief Operating Officer Mr Ong Soon Hwee, Gary, who joined our Board in 2018.

Mr Masahiko Yabuki brings with him more than 35 years of experience in business development, having forged a deep network of relationships in the Asia Pacific telecommunications and technology sectors. We look forward to his continued contribution as the Chairman of the Audit Committee as well as a member of the Remuneration and Nominating Committees.

Mr Ong Soon Hwee, Gary, has significant experience in senior strategic leadership roles with extensive B2B and business-to-consumer (“B2C”) commercial pedigree across Asia, spanning media, entertainment, fast-moving consumer goods (“FMCG”) and consumer durable goods sectors. With his proven record, we are confident that he will be able to contribute positively to the growth of the Company.

LOOKING AHEAD

The Company continues to invest in our core businesses to sharpen the quality of our customer service and sales operations and to increase capacity. We are confident that Dyson will continue to be a leading household brand with innovative products. We will strive to exceed customer expectations with our enhanced service operations to further strengthen Dyson in Singapore. We also look forward to work closer with Apple to serve our corporate clients and to promote their expanding product offering in the market.

While Tech Lifestyle is a developing business unit, we believe there are exciting growth opportunities as the educational robotics sector continues to evolve within Singapore and the region. We are working diligently to expand the product portfolio and increase its market reach.

We will continue to monitor the market and remain disciplined, selective and strategic in our evaluation and execution to ensure that the Group is well positioned to capitalise on existing and new opportunities to drive sustainable growth and enhance shareholder value.

WORDS OF APPRECIATION

We would like to thank our shareholders, customers and business partners for your continued support to the Group. At the same time, we would like to thank our fellow directors, management team and all employees for their dedication and extensive efforts to strengthen Polaris during this year of significant changes.

The strategic initiatives which we have undertaken in 2018 have positioned Polaris to execute sustainable growth in our businesses. We look forward to work closely with our fellow Board members and management team to make 2019 a successful year together.

Ong Kok Wah
Chairman

Soennerstedt Carl Johan Pontus
Executive Director and Chief Executive Officer

Ong Soon Hwee, Gary
Executive Director and Chief Operating Officer

BOARD OF DIRECTORS

Mr. Ong Kok Wah
Non-Executive Chairman

DATE OF APPOINTMENT AS DIRECTOR

20 May 2010

DATE OF LAST RE-ELECTION

27 April 2018

BOARD COMMITTEES SERVED ON

Member of Audit Committee since 5 February 2018
Chairman of Remuneration Committee since 5 February 2018
Chairman of Nominating Committee since 5 February 2018

Mr. Ong was re-designated as an Independent Director on 12 August 2010. He was appointed as Chairman of the Board with effect from 1 March 2018.

Mr. Ong has over 47 years of working experience in the marine and offshore industries. He started his career in the Merchant Navy with Shell Eastern Fleet, Maple Hill Shipping and Guan Guan Shipping. He was with the Port Authority of Singapore ("PSA") from 1968 to 1975 where his last position was Controller (Shipping). He joined Chuan Hup Holdings Limited Group as a Director from 1976 to October 2005. He was a Director with CH Offshore Ltd ("CHO") for the period from 1987 to 2010, during which he was appointed as CEO from 2004 to 2007.

Mr. Ong was a member of the American Bureau of Shipping's Southeast Asia Technical Committee. He was a Council Member of the Singapore Shipping Association ("SSA") since its inception in 1985 until 2007, where his last held position was Honorary Secretary. SSA has in its June 2008 annual general meeting bestowed an 'Honorary Membership' on Mr. Ong and he remains as one of their trustees. He was also a Director on the Board of the Shipowners' Mutual Protection and Indemnity Association (Luxembourg) from 1993 to 2017 and was the Director of their Singapore registered insurance company.

Mr. Ong is the Independent Non-Executive Director of ICP Ltd and holds directorships in several private companies in Singapore.

Mr. Ong attended Nautical Studies at Singapore Polytechnic. He holds a Second-mate (FG) certificate from the Ministry of Transport Singapore.

Mr. Masahiko Yabuki
Independent Non-Executive Director

DATE OF APPOINTMENT AS DIRECTOR

5 February 2018

DATE OF LAST RE-ELECTION

27 April 2018

BOARD COMMITTEES SERVED ON

Chairman of Audit Committee since 5 February 2018

Member of Remuneration Committee since 5 February 2018
Member of Nominating Committee since 5 February 2018

Mr. Yabuki joined the Board of Directors of Polaris Ltd., bringing with him 35 years of business development experience and contacts in the APAC telecommunications and technology spaces.

Since 2015, he has been CEO of MYNZ Co., Ltd., with a focus on consulting, business development and investments in Japan and Southeast Asia. Between 2015 and 2017 he was also CEO & President of CloudMinds Japan K.K., a company connecting a broad ecosystem of robots and smart devices to Cloud AI.

Prior to his current position, Mr. Yabuki worked for SoftBank from 2004 to 2015. His roles in SoftBank included Senior Vice President of Strategic Business Development in the CEO office for Southeast Asian markets and member of the Vodafone Japan acquisition team. He was also part of the management team of SoftBank Mobile, whereby he led new business development, such as collaborations with Disney Mobile and other foreign partners. Concurrently he was also President of Mobile Planning Corp., a subsidiary of SoftBank focusing on mobile TV planning.

Earlier in his career Mr. Yabuki served as Director and Country Manager of UTStarcom Japan K.K. between 2001 and 2004. He was the first employee of UTStarcom in Japan and was given the mission to establish the company and business in the market. During his tenure, one of Mr. Yabuki's key achievements was to secure business with SoftBank, through ADSL core equipment sales for the Yahoo! BB broadband service, digital access equipment, fiber transmission equipment and G-PON for FTTH project.
Mr. Yabuki began his career in Kanematsu Corporation, where he worked between 1982 and 2001. He was responsible for the business development of electric power and telecommunications projects in Asian countries. Towards the end of his career in Kanematsu Corporation, he was promoted to General Manager.

Mr. Yabuki holds a degree in Economics from Kobe University of Commerce.

BOARD OF DIRECTORS

Mr. Soennerstedt Carl Johan Pontus
Executive Director & Chief Executive Officer

DATE OF APPOINTMENT AS DIRECTOR

5 May 2016

DATE OF LAST RE-ELECTION

28 April 2017

BOARD COMMITTEES SERVED ON

Member of Audit Committee since 5 May 2016
Member of Remuneration Committee since 5 February 2018
Member of Nominating Committee since 5 February 2018

With effect from 1 March 2018, Mr. Soennerstedt was redesignated as Executive Director and appointed as CEO, after serving two years as non-executive independent director and Chairman for the company.

Between 2014 to 2017, Mr. Soennerstedt set up and ran PT Bayon Management, a company engaged in internet consulting and investments in Indonesia. Engagements included online media, law, music and payments, as well as discovery and evaluation of investment targets.

Leading up to Bayon, Mr. Soennerstedt was CEO at PT Skybee Tbk, an Indonesian holding company with technology, telecommunications and media subsidiaries. He held liaison positions engaging with SoftBank and SoftBank Ventures Korea, supporting their investment efforts in Indonesia, and was on the investment committee of Indonesian incubator and VC Ideosource.

Between 2007 and 2012, Mr. Soennerstedt identified Indonesia as a key growth opportunity for Yahoo!, coordinated the company's entry in to the market and then ran PT Yahoo Indonesia as a Country Manager. Under Mr. Soennerstedt's leadership, Yahoo! attracted great talent and became one of the most trafficked and monetized Internet destinations in Indonesia. Today the alumni can be found across the market as successful entrepreneurs and in leading roles in local and international companies.

Prior to Yahoo!, Mr. Soennerstedt spent eight years in the mobile phone industry in Asia. From 1999 to 2001 he managed Ericsson's mobile phone business in Vietnam, as Director of Consumer Products. He then moved to Singapore with Sony Ericsson, first in a regional sales role covering Indonesia and then as head of business development for APAC EM. In this role Mr. Soennerstedt established as well as managed the business and operations in several markets, including Pakistan, Bangladesh, Sri Lanka, Cambodia and Vietnam. Under his management, these emerging markets transformed from being a marginal business to one turning over several hundred million dollars per year. Mr. Soennerstedt was recognized for his contributions to the company's overall performance and growth by twice winning the company's global best market unit performance award.

Mr. Soennerstedt served as a mine clearance diver in the Royal Swedish Navy. He holds a degree in International Economics from the American University of Paris.

BOARD OF DIRECTORS

Mr. Ong Soon Hwee, Gary
Executive Director & Chief Operating Officer

DATE OF APPOINTMENT AS DIRECTOR

1 June 2018

DATE OF LAST RE-ELECTION

-

BOARD COMMITTEES SERVED ON

NIL

Mr Gary Ong has joined the Board of Directors of Polaris Limited on 1 June 2018, after 23 years of his successful career in multinational corporations with global businesses and brands. He is a senior strategic and commercial leader with extensive B2C & B2B commercial pedigree across Asia, spanning Entertainment & Media, FMCG and Consumer Durable Goods sectors. He also has a proven score-card in the areas of Go-to-Market (GTM) strategy and actualisation, strategic reframing, tight commercial execution, cultivation of winning teams, building brands and geographies entry and breakthrough.

In March 2015, Mr Ong was the Regional Commercial Director of Electrolux Asia Pacific and was the Head of its Distributor Business - East Asia unit and member of its Regional Leadership Team. He was leading a diverse regional team with a strong business presence in driven markets like Hong Kong, Korea, Taiwan and others, and which achieved an exceptional top-line and profitability revival across world-renowned brands like AEG, Electrolux and Zanussi.

At the start of 2012, Mr Ong was promoted to Managing Director and CEO of BSH Bosch and Siemens Home Appliances Group - Malaysia subsidiary, and was the first Asian employee in the group to be assigned overseas on a country leadership role. He had augmented the Retail business growth with premium strategy and focused on weighted distribution initiatives to cultivate Bosch and Gaggenau brands leadership at upper class segment. Concurrently, he had built the Residential Project business success and attained a significant profitable revenue pipeline through securing project contracts which have sustained beyond his tenure.

Between 2009 and 2011, Mr Ong joined BSH Bosch and Siemens Home Appliances Group as Regional Director of Business Unit, Head of Consumer Products (Asian Markets). He had championed regional commercial strategies, synergised countries approach, optimised consumer-centric deliverables and market share growth regionally. From 2006, Mr Ong took on the Sales and Trade Marketing managerial role in Philips Electronics Singapore, and managed its Small Domestic Appliances and Mother & Child Care businesses (Philips Avent). He successfully uplifted the business, which was recognised by GfK in year 2007 to 2008 to have the No.1 market share position in the following categories in Singapore: Floor Care, Garment Care, Food Preparation and Personal Care. He also spearheaded the ground-breaking Tri-Partnership Program with AC Nielsen, Carrefour and Philips on Strategic Category Management Project.

In his early career, Mr Ong spent 6 years in 3M Company, where he held dual strategic leading roles in channels development and business analysis. During those years, he was elected and educated in Category Management at the 3M United States, and was later also Six Sigma certified.

Mr Ong served in the Singapore Police Force and was seconded to the Internal Security Department in the Ministry of Home Affairs prior to moving to the commercial sector. He holds a Master of Business Administration with Distinction from the University of Sunderland, UK.

CORPORATE PROFILE

Polaris Ltd. ("Polaris" or the "Company") is a Singapore-based investment holding based company and is listed on the Catalist Board of the SGX-ST. Polaris is active in the distribution and retail of smart mobile devices and lifestyle products in Southeast Asia, with extensive operations in Singapore.

The Group is organised into business units based on its products and services.

The Distribution segment engages in the distribution of consumer electronics, mobile communication devices and accessories for leading brands. The retail consumer electronics segment engages in the retail sale and services of IT and related products in Singapore. It offers a wide range of electronic products and services from reputable brands such as Apple and Dyson. The corporate segment is involved in Group-level corporate services, treasury functions and investment in marketable securities. It is also involved in strategic investment and joint venture opportunities in emerging Southeast Asia markets to synergise and complement the Group's existing offerings.

Polaris' purpose of existence is to enable and enhance connection and services for people in Singapore and across Southeast Asia. Polaris aims to be the brightest provider of connection devices and services and to serve with a caring touch.

We will be the brightest provider by:

- Guiding our customers to make choices that will enhance their lives and businesses.
- Being sought after by Stakeholders by being a transparent and professional organisation.
- Casting our light on the entire region, we serve Southeast Asia.

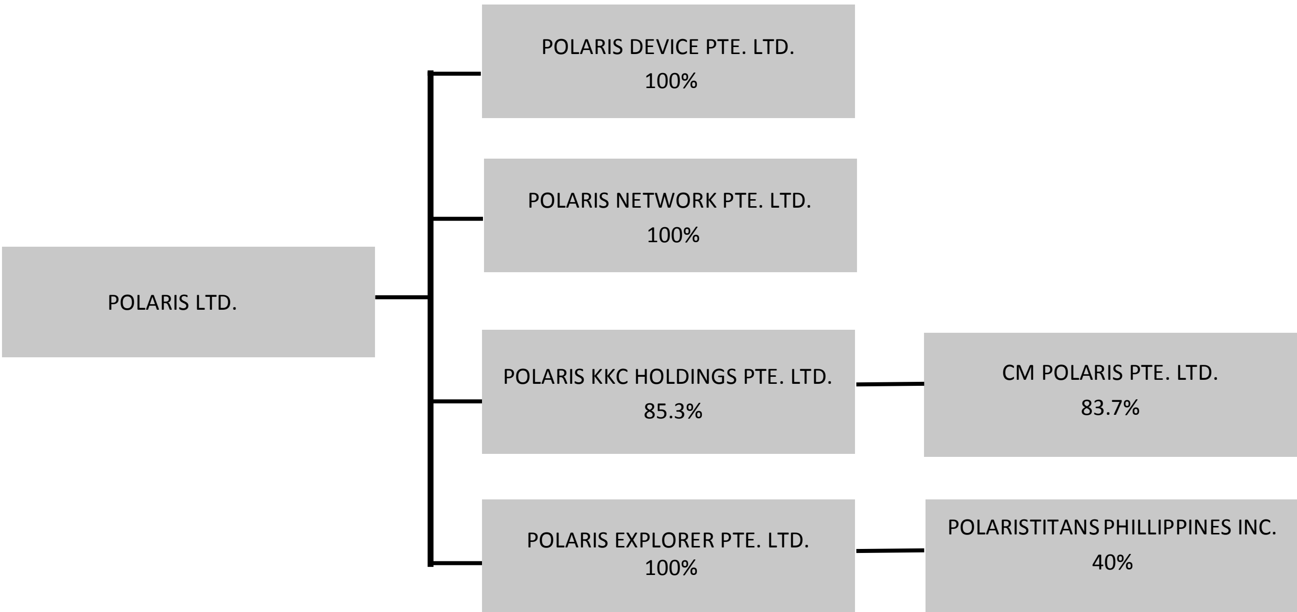
We will deliver with a caring touch by:

- Providing thoughtful service to our customers.
- Creating mutually beneficial relationships with our partners and investors.
- Creating a work environment for our employees where trust, happiness and satisfaction can thrive.

Polaris strongly believes and practices five core values:

- Trust – We are reliable, honest and always deliver what we promise.
- Simplicity – We strive to be clear and meaningful in all that we do.
- Young at heart – We approach our work with a creative, open-minded and positive attitude.
- Caring touch – We treat our people, customers, partners and shareholders with respect, kindness and sincerity.
- Innovation – We innovate with solution(s) when we face challenges and to run our businesses efficiently with productivity.

CORPORATE STRUCTURE



Corporate Structure as at 31 December 2018.
PT TRIKOMSEL OKE TBK is removed from Corporate Structure. For further information, please refer to Notes to the Financial Statements.

CORPORATE INFORMATION

Board of Directors

Mr Ong Kok Wah
Independent Non-Executive Director (Chairman)

Mr Masahiko Yabuki
Independent Non-Executive Director

Mr Soennerstedt Carl Johan Pontus
Executive Director & CEO

Mr Ong Soon Hwee, Gary
Executive Director & COO

Audit Committee

Mr Masahiko Yabuki
Chairman

Mr Ong Kok Wah

Mr Soennerstedt Carl Johan Pontus

Remuneration Committee

Mr Ong Kok Wah
Chairman

Mr Masahiko Yabuki

Mr Soennerstedt Carl Johan Pontus

Nominating Committee

Mr Ong Kok Wah
Chairman

Mr Masahiko Yabuki

Mr Soennerstedt Carl Johan Pontus

Company Secretary

Ms. Yang Lin

Registered Office

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Fax: + 65 6305 0489
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Solicitor

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10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Continuing Sponsor

Stamford Corporate Services Pte. Ltd.
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Share Registrar

M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

Independent Auditor

Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: Mr Ng Chiou Gee Willy
Date of appointment: 29 April 2016

SUSTAINABILITY REPORT

INTRODUCTION

Polaris is pleased to present its second annual Sustainability Report. The report captures Polaris's sustainability effort, performance and strategies over the financial year January 1, 2018 to December 31, 2018 ("FY2018"). This report includes the environmental, social and governance ("ESG") performance for our business operations in Singapore and excludes overseas operations unless stated otherwise.

This report has been prepared in accordance with the latest Global Reporting Initiative ("GRI") Sustainability Reporting Guidelines: Core options. The GRI Content Index and the relevant references are provided on pages 19 - 20 of the report. Information presented in this report has been extracted from primary internal records and documents to ensure accuracy.

REPORTING PRINCIPLES

We have followed the GRI principles for defining the sustainability report content and quality. We have prepared the report having considered stakeholder inclusiveness, Polaris's sustainability context, materiality and completeness. To ensure quality of the report, we have applied the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness in preparing this report.

REPORTING PROCESS

Polaris's Sustainability Committee (the "Committee"), which includes key members of management and executive directors, provides the overall major direction for preparing the report. The Committee's responsibilities include reviewing, assessing and determining the sustainability context, material ESG topics, report content and topic boundaries, scope and prioritisation of issues to be included in the report. The Committee takes into consideration formal and informal feedback received throughout the year from a range of internal and external stakeholders to determine the most relevant material topics to be covered in the report.

REPORTING CYCLE

Our reporting cycle begins with a review of the Company's ESG factors and material topics and their context in light of business environment changes and stakeholder feedback.

FEEDBACK

We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to **ir@wearepolaris.com.**

EXTERNAL ASSURANCE

The financial statements in the report are audited by independent auditors. Moreover, we rely on our internal review processes to verify the accuracy of ESG performance data and information presented in the report.

PERFORMANCE HIGHLIGHTS

Strategic Area	FY2017	FY2018
ENVIRONMENTAL		
Total CO_2e emissions (tonnes)	107	105
Carbon emission intensity per onsite repair job (Tonnes CO_2e)	0.0028	0.0023
Total Energy used (gigajoules)	516	440
Energy Intensity per square metre (gigajoules)	0.357	0.304
Water Consumption (cubic metres)	251.9	233.2
PEOPLE		
Permanent Employees	91%	84%
Local Employees (Singapore Citizen + PR)	74%	83%
Female Employees	39%	40%
Male Employees	61%	60%
SUPPLIERS		
Share of local suppliers as % of total supplier payments	88%	99.1%
Proportion of local suppliers	90%	98.1%

AWARDS AND RECOGNITION

Our Singtel NEX retail outlet was awarded the Top GA Contribution Outlet in FY2018 by Singtel, in recognition of the most number of successful new sim card sign ups.

PRIVACY AND DATA SECURITY

Ensuring the security and confidentiality of our database and customer information is of utmost importance to us. At Polaris, we are committed to protecting the personal information of our customers. We have implemented a strict Personal Data Protection Policy and will take any necessary measures to protect our customer's personal data. Customer's privacy is important to us and we are bound by the Personal Data Protection Act 2012 ("PDPA"). We regularly review our customer privacy and data protection processes to ensure compliance.

As Polaris operates retail stores under Singtel, Apple and Dyson Customer Service Centres, we strictly follow and adhere to their Personal Data Protection policies and procedures.

Our detailed Personal Data Protection Policy is available on the WeArePolaris and Polarisepp website.

STAKEHOLDER ENGAGEMENT

At Polaris, we develop our sustainability strategy by gathering stakeholder feedback on issues that are material to them and our business. We have identified our stakeholders based on importance, responsibility, dependency and proximity.
We continuously seek to improve communication with our stakeholders and consider their inputs and feedback in our business strategy. This helps us to develop better trust and understanding with our stakeholders and strengthens our partnership as well.

Stakeholder	Key Concern of Stakeholders	Communication Channel	Our Strategy
Shareholders & Investors	• Transparency • Timely information on company progress and status • Profitability	• Board Meetings • Email correspondence • Annual General Meeting	• Engaging board and Stakeholders face to face and through emails
Employees	• Diversity and equal opportunities • Training and Career development • Employment benefits	• Reporting systems	• Manage Work Environment • Review employment benefits
Customers	• Product/Service quality • Safe product use • Correct product information • Transparent communication	• Call centres • Social media communications • Retail stores • Email correspondence • Customer satisfaction surveys conducted by external organizations	• Strengthen the quality and safety management system • Provide accurate product information • Gather and address the voice of customers
Suppliers	• Compliance with terms and conditions of prevailing purchasing policies and procedures • Appropriate Costs	• Quotations • Request for proposals • Email correspondence • Teleconferences	• Establish policies and practices that ensures a fair selection and procurement process, ethical business practices and respect for contractual obligations
Resellers/ Distributors	• Timely delivery • Quality assurance • After-sales support • Strong collaboration • Good customer experience	• Shop visits • Email correspondence • Regular meetings	• Proactive sales planning • Providing Sales support • Regular visits
Business Partners	• Partnerships for business growth and opportunities	• Frequent discussions • Teleconferences • Email correspondence	• Work with reputable company partners
Government & Regulators	• Adherence to regulations • Prompt resolutions to issues • Reporting of any service issues as required by regulators	• Discussions with relevant agencies and departments	• Comply with applicable laws • Putting in place policies and procedures to ensure compliance
Media	• Exposure and access to company development and news • New products/services/entertainment and related content	• Invitation to media events	• Providing timely and accurate information on product releases

OUR MATERIALITY TOPICS

We have identified material topics for reporting based on the significance of our ESG and economic impacts and the degree of influence where we see the most potential for creating maximum value for our shareholders and stakeholders. In order to ensure an accurate determination of material issues, we undertook a process of identification, prioritisation and validation with our management team.

Each sustainability factor is assigned a reporting priority that determines the actions required, as illustrated below:

Description	Criteria
High	Factors with high reporting priority are reported in detail.
Medium	Factors with medium reporting priority are considered for inclusion in the Report.
Low	Factors with low reporting priority may be reported to fulfil regulatory requirements.

A summary of Polaris's material ESG and economic issues, where the impact occurs and Polaris's involvement in respect of such impacts is presented in the table below. A more detailed discussion on the material topics, including the management approach, will be covered in the respective chapters of this report.

Material Issues	Mission	Prioritization of Topics	Where impact occurs	Polaris Involvement
ENVIRONMENT				
Energy Efficiency	Lower ecological footprint and Reduced energy cost	Medium	Within Organization and Environment	Direct
Climate Change and Carbon Emission	Lower Carbon footprint	Medium	Within Organization and Environment	Direct
Waste minimisation	Lower Pollution	Medium	Within Organization and Environment	Direct
SOCIAL				
Talent Attraction and Retention	Increase company morale, gives employee a sense of pride, lower turnover rate and reduce hiring costs, creates employee satisfaction	High	Within Organization and Community	Direct
Training and Education	Increase productivity, grow and nurture employees, Innovative problem-solving	Medium	Within Organization and Community	Direct
Diversity and Equal Opportunity	Create an inclusive and non-discriminating environment	High	Within Organization and Community	Direct
Marketing and Labelling	To uphold the highest standards of professional values and integrity and build trust through transparency	Medium	Within Organization, Customers, Distributors and suppliers	Direct
Community Development	Goodwill of community, Trusted relations with society, stronger brand equity and respect	Medium	Within Organization, Customers and Community	Direct & Indirect
Employee Volunteering	Greater employee engagement, enhance job satisfaction, stronger community engagement	Medium	Within Organization, Customers and Community	Direct & Indirect
ECONOMIC				
Anti-corruption	Uphold and adhere to Group's zero tolerance policy towards fraud, corruption and unethical conduct	High	Within Organization, Communities and Investors	Direct
Procurement Practices	To continuously support local suppliers	Medium	Within Organization, Suppliers, Distributors, Investors	Direct

GOVERNANCE				
Board Diversity	Holistic guidance to the Company	High	Within Organization and Investors	Direct
Risk Management and Internal Controls	Effective risk taking and management, aligned with the organisation's business objectives with an integrated, proactive and systematic approach in risk management and to have a better Corporate Governance	High	Within Organization and Investors	Direct
Whistle-blowing Policy	Mitigate business risks and Fraud prevention	High	Within Organization and Investors	Direct

OUR ENVIRONMENTAL EFFORTS

Carbon Emissions

We believe in progressively reducing our organisation's carbon footprint by improving energy efficiency and minimising energy consumption. Polaris's greenhouse gas ("GHG") emission is attributed to the use of electricity, diesel and petrol.

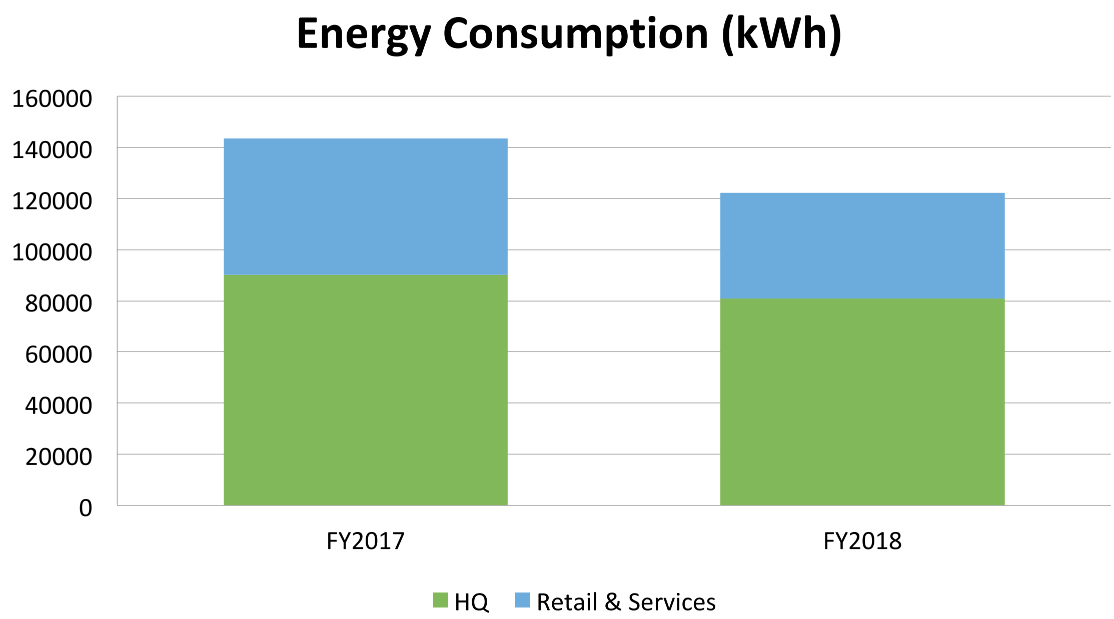
In FY2018, our emission intensity was calculated at 0.0023 tonnes CO_2e per onsite repair jobs, a decrease of 18% from the preceding year. This was mainly attributed to the disposal of Polaris Telecom Pte. Ltd. in June 2018 along with its two Singtel outlets. Emission from electricity represented 85% of our total carbon emissions.

Energy

Our management approach is to conserve energy consumption in our daily operations. Electricity that is used to power our office buildings and retail outlets has contributed to the majority of our energy consumption. Other notable consumption components include petroleum or diesel that is used for transportation and logistics.

Compared to FY2017, our total energy consumption in FY2018 has dropped by 19%. This is largely owing to the disposal of the two Singtel outlets in June 2018 as abovementioned.

A comparison chart in respect of our energy consumption for FY2017 and FY2018 is depicted in Figure 1 as shown below:



Waste Minimisation

Our management approach is to reduce, reuse and recycle waste wherever possible throughout our daily operations. Waste from our operations includes paper and packaging waste. Over the years, Polaris has implemented several other initiatives to reduce printed marketing materials. For instance, we have switched to sending e-cards during festive seasons from the conventional printed greeting cards. Empty ink cartridges are consolidated and returned to suppliers on a bimonthly basis. Packaging waste is also consolidated and recycled on a weekly basis.

In FY2018, we have implemented a recycling initiative for Dyson parts. The faulty parts, which consist of Printer Circuit Boards (PCBs), motors and electrical cables extracted from fans and vacuums, are consolidated on a monthly basis and disposed of by a credible disposal company. All disposals will be completed with a certificate of destruction.

OUR WORKPLACE

Polaris practices fair employment and is aligned with the Tripartite Alliance for Fair Employment guidelines. Our human resource policies are aimed at providing a fair performance-based work culture that is diverse, inclusive and collaborative. We also encourage our people to reach their fullest potential and provide them with a fulfilling and meaningful career.

As at 31 December 2018, our workforce consists of 37 employees. Permanent employees represented 84% of the total headcount. Employees with managerial or supervisory roles accounted for 24% of our workforce.

Talent Attraction and Retention

We believe investing in our people is crucial to the success of a business. We manage our human capital investment by attracting and nurturing the right talent, as well as caring for their professional growth and personal well-being during their employment with us. This can be attested by Polaris's low staff attrition rate.

In addition, we continue to leverage our partnership with the Institute of Technical Education (ITE) to support work-study programmes, providing traineeship opportunities to students as part of their course modules. This programme is designed to prepare students for the future workforce by equipping them with employable, real-world skills and experiences, whilst allowing them to complete their studies.

Polaris conducts annual performance appraisals and quarterly career development reviews for our employees as part of the performance management system. Managers are equipped with relevant skills to conduct effective performance appraisals with their teams.

Training and Education

With the rapid changes in our industry, it is important for our people to keep updated on the latest industry developments. At Polaris, we encourage and aim to provide all employees with equal opportunities for training and upgrading. We believe that learning and training is an important, continuous and life-long process so that employees are equipped with the competencies needed to meet current and future business needs. This includes workshops, seminars, conferences, in-house company training and on-the-job training.

We strongly believe that it is important to continuously provide our employees with the correct training. This, in return, allows the business to be cost-effective, increasing credibility and expertise as well as improving job satisfaction, and creates a competitive edge in the market.

Diversity and Equal Opportunity

We believe that creating a diverse workplace environment is essential to building and sustaining our competitive advantage. Such diversity fosters innovative thinking and helps tackle business challenges through different perspectives.

Moreover, we strive to offer equal opportunities in hiring, career advancements, promotions and remuneration based on merit and experience irrespective of gender, age, racial, ethnic or cultural background. Female employees account for 40% of our total workforce.

Marketing and Labelling

Polaris recognises that fair marketing practices and being transparent in the way we communicate can build trust and loyalty among our customers, partners and suppliers. We adhere to strict marketing codes to ensure that all marketing activities comply with the various laws and guidelines such as the Singapore Code of Advertising Practice, the Info-communications Media Development Authority's Codes of Practice and Guidelines, and the PDPA.

In FY2018, we have not identified any non-compliance with regulations and/or voluntary codes concerning information and labelling, or marketing communications including advertising, promotion and sponsorships in relation to products and services that we offer.

Moving forward, we strive to maintain the quality of our products and services as well as retail and distribution channels by choosing the right type of products and services to fit our business model. Quality checks will also be continuously deployed by our staff to ensure compliance with applicable regulations relating to marketing and labelling in the markets we operate.

OUR COMMUNITY

We encourage our employees to participate in community and environmental initiatives through volunteering, and supported several community initiatives throughout the year. We are grateful to do our part to serve and contribute to our society so as to improve the lives of others. Our key community investment programmes in 2018 are described below.

Willing Hearts

We were given an opportunity to volunteer at Willing Hearts for a day, where we prepared and delivered meals to the beneficiaries. Willing Hearts is a non-profit organization ran almost entirely by volunteers, apart from a handful of staff. It operates a soup kitchen that prepares, cooks and distributes about 5,000 daily meals to over 40 locations island wide, 365 days a year. Beneficiaries include the elderly, disabled, low income families, children from single parent families or otherwise poverty stricken families, and migrant workers in Singapore.

Qhubeka

Qhubeka is a non-profit charity established in 2005 in South Africa incorporated for public benefit and donates bicycles as part of World Bicycle Relief's charity programme in South Africa. Through Polaris' donation of more than 80,000 bicycles, we have in many ways helped people to be connected to schools, clinics and jobs.

Bicycles serve as tools of change in people's lives, especially for communities with limited options for means of transport. The availability of bicycles could, for some, mean that going to school is no longer a 2 hours to and fro daily walking journey. Moreover, going to work or visiting a clinic or shop would be more convenient, time efficient and cost-effective. Last but not least, in times of natural disasters where major transport options could be compromised, bicycles serve as the primary means of travel for first responders.

Through our contributions, we aspire to be socially responsible in enhancing the quality of life of those in need and to assist them to progress and move forward.

OUR ECONOMY

Our management approach is to create value for our shareholders and stakeholders by ensuring sustainable growth for our business. We are focused on adopting strategies that maximise shareholder returns while creating environmental, social and economic value for our stakeholders.

We regularly review our management approach in view of the business goals, stakeholder expectations and the actual performance to evaluate effectiveness.

Anti-Corruption

Polaris adheres to a zero-tolerance policy on fraud and unethical conduct including corruption and bribery. A whistle-blowing process is in place and supported. There was no reported incident of corruption in the reporting period.

Procurement Governance

Polaris adopts a fair business trading framework and procures from suppliers who conduct business ethically.

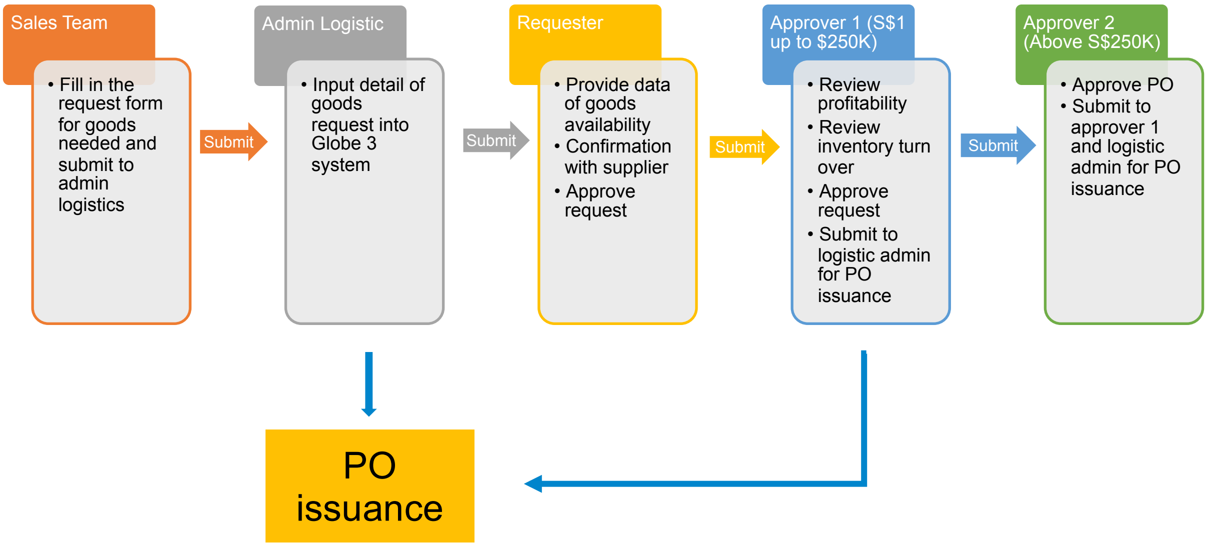
With the extensive varieties and range of products to procure from different sectors of suppliers, we have stringent procurement processes in place to ensure good corporate governance and compliance with anti-bribery and corruption rules and regulations.

Our procured products and supplies are from two groups: principle brands which the business units are representing, namely Apple, Dyson, Makeblock and Singtel; and other suppliers for products such as computer accessories, lifestyle and audio devices.

We encourage and support local businesses. In FY2018, our total purchase spending was approximately $21 million, a decrease of 65% from the preceding year. Out of our 58 regular vendors, only one was from overseas import as we represent the brand as its distributor in Singapore. This overseas vendor comprises 0.9% of our total purchases.

We work actively to combat corruption in all of its forms, which includes bribery, unfair competition, conflicts of interest, fraud, embezzlement and unlawful kickbacks.

All procurement is processed through our Enterprise Resource Planning system with its multi-tiered approval process, whereby up to three levels of approving officers are required to approve and sign off on the issuing of Purchase Orders in the system. This is to address conflicts of interest and ensure the correct latest purchase price, as illustrated in the diagram below.



As an integral part of supply chain management, we also diligently sort out the delivered goods packaging and ensure that they are disposed of in an environmentally and responsible manner.

Going forward, we are looking at improving our warehousing and storage spaces to ensure better workplace safety and health.

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'In accordance' – Core

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CORPORATE GOVERNANCE REPORT

Polaris Ltd. is fully committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the "**Group**"). The Board of Directors (the "**Board**") recognises the importance of good corporate governance and the offering of high standards of accountability to shareholders.

This report outlines the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "**Code**"). The Company also refers to the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**") and has incorporated answers to the questions set out in the Guide in this report. The Company is generally in compliance with the principles and guidelines as set out in the Code and in areas where there are deviations from the Code, appropriate explanations are provided within this report. The Board considers that the alternative corporate governance practices are sufficient to meet the underlying objective of the Code.

BOARD MATTERS

The Board's Conduct of Affairs

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

Guidelines of the Code	The Company's Corporate Governance Practice
1.1	The Board's role is to: a. establish the overall business direction of the Group, with specific emphasis on business expansion and synergies; b. oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance, including safeguarding of shareholders' interests and the company's assets; c. approve major investment and divestment proposals, material acquisitions and disposal of assets, major corporate policies on key operations, annual budget, the release of the Group's quarterly and full year results and interested person transactions of a material nature; d. identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; e. assume corporate governance practices directly or through the respective Committees; and f. consider sustainability issues e.g. environmental and social factors, as part of its strategic formulation.
1.2	All directors exercise due diligence and independent judgment, and are obliged to act in good faith as fiduciaries and consider at all times the best interests of the Company.
1.3	To assist the Board in executing its responsibilities, the Board has delegated specific functions to the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (together "**Board Committees**" and each a "**Board Committee**"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members.
1.4	The Board meets regularly, and has held meetings for particular and specific matters as and when required. The Company's Constitution allows a board meeting to be conducted by means of conference telephones or similar communications equipment. A record of the directors' attendance at meetings of Board and Board Committees for the financial year ended 31 December 2018 ("**FY2018**"), as well as number of such meetings, is set out in Table 1.
1.5	The Company has adopted a set of Approving Authority & Limit Guidelines ("**Guidelines**"), setting out the level of authorisation required for specified transactions, including those that require Board approval. Under the Guidelines, new investments or divestments and all commitments to banking facilities granted by financial institutions to the Company require the approval of the Board.
1.6	On directors' training, the Group has instituted an orientation program for new directors to familiarise them with the Group's core business and governance practices. Directors are also given an opportunity to visit the Group's operational facilities and meet with management staff (the "**Management**") to obtain a better understanding of the Group's history, business operations, policies, strategic plans and objectives. Directors and senior executives are

	encouraged to attend relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations. All directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the directors are competent in carrying out their expected roles and responsibilities. The directors are aware of the requirements in respect of 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. During the year, the Company Secretary has also updated the Directors on recent amendments to: • the Code of Corporate Governance and the SGX Listing Rules relating to corporate governance practices, which will come into effect from 1 January 2019 onwards, and • the Companies Act (Cap 50) in relation to the financial year end, holding of annual general meetings, and filing of annual returns, which came into effect on 31 August 2018. The Company has an on-going budget for all directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments. These include programmes run by the Singapore Institute of Directors or other training institutions. In FY2018, Mr Masahiko Yabuki and Mr Ong Soon Hwee, Gary ("**Mr. Gary Ong**") completed The Listed Entity Director Programme conducted by Singapore Institute of Directors. Mr. Gary Ong also attended the SID-ISCA Directors' Financial Reporting Fundamentals conducted by Institute of Singapore Chartered Accountants.
1.7	A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. New directors, upon appointment, will also be briefed on their duties and obligations as directors. The directors are also informed of regulatory changes initiated by or affecting the Company.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2018

	Board	**AC**	**NC**	**RC**
No. of meetings held	**5**	**4**	**1**	**1**
No. of meetings attended by respective Directors				
Ong Kok Wah	5	4	1	1
Masahiko Yabuki [1]	5	4	1	1
Soennerstedt Carl Johan Pontus [2]	5	4	1	1
Ong Soon Hwee, Gary [3]	2	2*	-	-
Ang Chuan Hui, Peter [4]	1	1*	1*	1*
Juliana Julianti Samudro [5]	1	1*	1*	1*

**By invitation*

[1] *Mr Masahiko Yabuki was appointed as an Independent Non-Executive Director on 5 February 2018*
[2] *Mr Soennerstedt Carl Johan Pontus was re-designated as an Executive Director and Chief Executive Officer on 1 March 2018*
[3] *Mr Ong Soon Hwee, Gary was appointed as an Executive Director and Chief Operating Officer on 1 June 2018*
[4] *Mr Ang Chuan Hui, Peter resigned as Executive Director and Chief Executive Officer on 28 February 2018*
[5] *Ms Juliana Julianti Samudro resigned as Executive Director and Chief Financial Officer on 28 February 2018*

Board Composition and Guidance

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

Guidelines of the Code	The Company's Corporate Governance Practice
2.1	The Board comprises four directors of whom two are independent non-executive directors (**INEDs**) and two are executive directors (**EDs**). A summary of the current composition of the Board and its committee is set out in Table 2.1.
2.2	The Chairman of the Board and the Chief Executive Officer ("**CEO**") are not the same person. The Chairman of the Board is an independent director who is not part of the management team nor is he an immediate family member of the CEO.
2.3	The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director as well as the respective director's self-declaration in the statement of director's independence. The NC conducted its annual review of the directors' independence and was satisfied that the Company complies with the guidelines of the Code including the guideline that at least one-third of the Board is made up of independent directors. The Board has reviewed and confirmed the independence of the independent directors. There are no directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	The Company has no independent non-executive director who has served on the Board beyond nine years
2.5	The Board is in the process of identifying an additional suitable independent non-executive director.
2.6	The Board recognises the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly. The directors bring with them an appropriate balance and diversity of gender and a broad range of expertise and experience in areas such as accounting, finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled 'Board of Directors'. The current Board composition provides a diversity of skills, experience and knowledge to the Company as set out in Table 2.2.
2.7	The presence of non-executive directors is to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors also review the performance of Management in meetings.
2.8 & 3.4	Non-executive directors and independent directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. The Independent Non-executive Directors have met at least once without the presence of Management in FY2018.

TABLE 2.1 – BOARD AND BOARD COMMITTEES AS AT THE DATE OF THIS REPORT

Name of Director	Board Membership	AC	NC	RC
Ong Kok Wah [1]	Independent / Non-Executive (Chairman)	Member	Chairman	Chairman
Masahiko Yabuki	Independent/ Non-Executive	Chairman	Member	Member
Soennerstedt Carl Johan Pontus	Executive	Member	Member	Member
Ong Soon Hwee, Gary	Executive	-	-	-

[1] *Mr Ong Kok Wah was appointed as Chairman of the Board on 1 March 2018.*

TABLE 2.2 – BALANCE AND DIVERSITY OF THE BOARD

	Number of Directors	Proportion of the Board (%)
Core Competencies		
- Accounting or finance	2	50
- Business management	4	100
- Relevant industry knowledge or experience	2	50
- Strategic planning experience	4	100
- Customer based experience or knowledge	4	100

Chairman and Chief Executive Officer

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

Guidelines of the Code	The Company's Corporate Governance Practice
3.1	The Board has adopted the recommendation of the Code to have separate persons appointed as Chairman and the CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The division of responsibilities between the Chairman and the CEO is clearly established, set out in writing and agreed by the Board. Additionally, the Board has disclosed that there is no relationship between the Chairman and the CEO as immediate family members. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the AC, RC and NC are chaired by independent directors.
3.2	Mr. Ong Kok Wah ("**Mr. Ong**") was appointed as an independent non-executive director on 20 May 2010 and as Chairman of the Board (the "**Chairman**") on 1 March 2018. Mr. Ong is not related to the CEO and is not part of the management team. Mr. Soennerstedt Carl Johan Pontus ("**Mr. Soennerstedt**") fulfils the role of the CEO of the Company. As Chairman, Mr. Ong is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board, and ensuring compliance with the Company's guidelines on corporate governance along with promoting high standards of corporate governance. The Chairman is also responsible for, amongst other things, effectively representing the Board to the shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agenda in consultation with the Company Secretary, acting as facilitator at Board meetings and maintaining regular dialogue with the Management on all operational matters. At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders, the Board and the Management. The Chairman also promotes a culture of openness and debate at the Board, ensuring that the directors receive complete, adequate and timely information, and facilitates the effective contribution of non-executive directors in particular.
3.3	The Company did not appoint a lead independent director because: a. the Chairman and the CEO are not the same person; b. the Chairman and the CEO are not immediate family members; c. the Chairman is not part of the management team; and d. the Chairman is an independent director.

Board Membership

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

Guidelines of the Code	The Company's Corporate Governance Practice
4.1	The NC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. The NC meets at least once a year. The members of the NC are as follows: 1. Mr. Ong Kok Wah (Chairman, INED) 2. Mr. Masahiko Yabuki (INED) 3. Mr. Soennerstedt Carl Johan Pontus (ED)
4.2	The principal functions of the NC are to establish a formal and transparent process for: a. reviewing nominations of new director appointments based on selection criteria such as the nominee's credentials and his/her skills and contributions required by the Company; b. reviewing and recommending to the Board the re-election of directors in accordance with the Company's Constitution; c. deciding whether a director is able to and has adequately carried out his/her duties as a director of the Company, in particular whether the directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and d. deciding how the performance of the Board, its board committees and directors may be evaluated and propose objective performance criteria.
4.3	The NC is also in charge of determining annually whether a director is "independent", guided by the guidelines contained in the Code. The NC reviews annually the independence declarations made by the Company's independent non-executive directors based on the criterion of independence under the guidelines provided in the Code. The NC has reviewed the independence of each director for FY2018 in accordance with the Code's definition of independence and is satisfied that Mr. Ong and Mr. Masahiko Yabuki remain as independent directors of the Company.
4.4	The NC monitors and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his/her actual conduct on the Board, in making this determination. The NC and with the concurrence of the Board were satisfied that in FY2018, where a director had other listed company board representations and/or other principal commitments, the director was able to carry out and had been adequately carrying out his/her duties as a director of the Company. Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his/her duties as a director of the Company. The NC and the Board are of the standpoint that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many other factors such as whether they are in full time employment and their other responsibilities or principal commitments. In addition, the board representations presently held by its directors do not impede the performance of their duties to the Company.
4.5	No alternate director has been appointed to the Board.

4.6	In accordance with the Company's Constitution, one third, or if their number is not a multiple of three, the number nearest to one-third of the directors are required to retire from office by rotation at each Annual General Meeting ("**AGM**"), (provided that no director holding office as managing director, shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire). Newly appointed directors will hold office only until the next AGM following their appointments and they shall be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation at that meeting. In making recommendations for the selection, appointment and re-appointment of directors, the NC evaluates composition and progressive renewal of the Board and the director's contribution and performance, such as his/her attendance at meetings of the Board or Board Committees, where applicable, participation, candour and any special contributions. Each member of the NC has abstained from reviewing and approving his own re-election. The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; a. academic and professional qualifications; b. industry experience; c. number of other directorships; d. relevant experience as a director; and e. ability and adequacy in carrying out required tasks. The NC leads the process for board appointments and makes recommendations to the Board. The integrated process of appointment includes: a. developing a framework on desired competencies and diversity on board; b. assessing current competencies and diversity on board; c. developing desired profiles of new directors; d. initiating search for new directors including external search, if necessary; e. shortlist and interview potential director candidates; f. recommending appointments and retirements to the Board; and g. election at general meeting.
4.7	The NC has recommended to the Board that Mr. Soennerstedt be nominated for re-election at the forthcoming AGM in accordance with Article 86 of the Company's Constitution. Mr. Gary Ong will also be nominated for re-election at the forthcoming AGM in accordance with Article 93 of the Company's Constitution. In making the recommendations, the NC has considered Mr. Soennerstedt's and Mr. Gary Ong's (collectively, the "**Retiring Directors**" and each, the "**Retiring Director**") overall contribution and performance. Mr Soennerstedt will, upon re-election as a Director, remain as Executive Director and CEO of the Company, and a member of the AC, NC and RC. Mr Gary Ong will, upon re-election as a Director, remain as Executive Director and Chief Operating Officer of the Company. There are no relationships (including immediate family relationships) between Mr. Soennerstedt and Mr. Gary Ong and the other Directors, the Company or 5% shareholder(s) of the Company. Key information in respect of the Directors, including their appointment dates and directorships held in the past three years, is set out in Table 3.1. Pursuant to Rule 720(5) of the Section B of the SGX-ST Listing Manual (Rules of Catalist) (the "**Catalist Rules**"), the information as set out in Appendix 7F to the Catalist Rules relating to the Retiring Directors is set out in Table 3.2. Other key information of the directors who held office during the year up to the date of this report is disclosed in the "Board of Directors" section of the Annual Report.

TABLE 3.1 –DIRECTORS' KEY INFORMATION

Name of Director	**Board Membership**	**Date of First Appointment**	**Date of Last Re-Appointment**	**Present Directorships in Other Listed Companies (Present and Past Three Years)**	Other Principal Commitments
Ong Kok Wah	Independent Chairman	20 May 2010	27 April 2018	*Present* ICP Ltd. *Past three years* Nil	Nil
Masahiko Yabuki	Independent Non-Executive Director	5 February 2018	27 April 2018	*Present* Nil *Past three years* Nil	Nil
Soennerstedt Carl Johan Pontus	Executive Director	5 May 2016	28 April 2017	*Present* Nil *Past three years* Nil	Nil
Ong Soon Hwee, Gary	Executive Director	1 June 2018	-	*Present* Nil *Past three years* Nil	Nil

TABLE 3.2 – RETIRING DIRECTORS' INFORMATION

Date of Appointment	5 May 2016	1 June 2018
Date of Last Re-Appointment	28 April 2017	-
Name of Person	Soennerstedt Carl Johan Pontus	Ong Soon Hwee, Gary
Age	48	47
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	In view of Mr Soennerstedt's past experiences and also network, capability and skill in the mobile phone, internet, consulting and investments industries, the Board has determined that he will be a good fit for our business model. With his background in C-suites appointments, he will be able to develop the business of the Group, provide the Group with strong leadership and strategic vision, manage the businesses of the Company and implement the Board's decisions as well as ensure that the directors are kept updated and informed of the Group's businesses and developments. He will be able to establish good corporate governance	Mr Gary Ong is a senior strategic leader with extensive B2C & B2B commercial pedigree across Asia, spanning Entertainment & Media, FMCG and Consumer Durable Goods sectors. With his proven track record, the Board is of the view that Mr Gary Ong will be able to contribute positively to the growth of the Company.

	practices and procedures and promote the highest standards of integrity and corporate governance throughout the Group and particularly at Board Level.	
Whether appointment is executive, and if so, the area of responsibility	Executive – responsible for improving, developing, extending, maintaining, advising and promoting the Company's business and protecting and furthering the reputation, interests and success of the Company.	Executive – responsible for business operations, involved in the development of strategies to steer the growth of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	• Executive Director and Chief Executive Officer • Audit Committee Member • Nominating Committee Member • Remuneration Committee Member	• Executive Director and Chief Operating Officer
Professional qualifications	• Bachelor of Arts in International Economics from the American University of Paris.	• Master of Business Administration with Distinction from the University of Sunderland.
Working experience and occupation(s) during the past 10 years	• PT Bayon Management - CEO. Internet consulting and investments. • PT Skybee Tbk - CEO. Holding Co in Telco, Internet, media buying spaces. • Carriernet Global - CMO. Internet, mobile content and venture capital. • Yahoo! - Country Manager Indonesia. Set up and managing internet portal/media business. • Sony Ericsson - Head of APAC EM (PK, VN, BD, SL, CA, NP). Set up and management of mobile phone businesses.	• Electrolux Asia Pacific, Singapore – Regional Commercial Director, Strategic leadership in sales and marketing, countries partnership development with appointed brand distributors. • BSH Bosch & Siemens Home Appliances Group, Malaysia – CEO/Managing Director. Malaysia country management leadership responsibilities. • BSH Bosch & Siemens Home Appliances Group, Region Asia Pacific, Singapore – Regional Director of Business Unit, Head of Consumer Products. Commercial leadership role encompassed Asian Markets Region and Singapore Retail Business.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	PT Skybee Tbk PT Bayon Management	BSH Home Appliances Sdn Bhd, Malaysia
Present	Polaris Ltd	Polaris Ltd
Information required pursuant to Listing Rule 704(7) or Catalist Rule 704(6)		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures	No	No

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

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere	No	No
Disclosure applicable to appointment of Director only		
Any prior experience as a director of a listed company? 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).	N.A.	N.A.

Board Performance

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

Guidelines of the Code	The Company's Corporate Governance Practice
5.1	The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution of each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company. The Board is in the process of internalising the Code of Governance 2018, and the Board is of the view that implementing appropriate corporate governance practice will improve the effectiveness of the Board.
5.2	The NC adopts a formal system of evaluating the Board as a whole every year. A Board performance evaluation is carried out and the assessment parameters include evaluation of the Board's composition, size and expertise, timeliness of Board information, guidance provided to Management, standard of conduct as well as Board accountability and quality of Board processes. Through a formal written Board performance evaluation, the Board has reached the conclusion on its performance for FY2018 that the Board has met its performance objectives. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes have allowed him/her to discharge his/her duties effectively and to propose changes which may be made to enhance the Board's effectiveness as a whole. The collated findings are reported and recommendations are made to the Board for consideration and for further improvements to help the Board to discharge its duties more effectively. The NC is of the view that the Board has met its performance objectives for FY2018. No external facilitator was used in the evaluation process.
5.3	The NC conducts evaluation of the performance of individual directors annually and for re-election or re-appointment of any director. The assessment of each director's performance is undertaken by the NC Chairman. The criteria for assessment includes but is not limited to attendance record at meetings of the Board and board committees, commitment of time, intensity of participation at meetings, quality of discussions, knowledge and abilities, engagement with Management, maintenance of independence and any special contributions. For FY2018, the NC, in concurrence with the NC Chairman, is satisfied that each director is contributing to the overall effectiveness of the Board.

Access to Information

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

Guidelines of the Code	The Company's Corporate Governance Practice
6.1	The Board is informed of all material events and transactions as and when they occur. All analysts' and media reports on the Group are forwarded to the directors on an on-going basis. The Board has separate, independent and unrestricted access to the senior management of the Group at all times. Requests for information from the Board are dealt with promptly by the senior management.
6.2	The Board is provided with complete, adequate and timely information prior to board meetings. The information provided includes board papers and related materials, background and explanatory information relating to matters to be brought before the Board. The Board receives monthly management financial statements, annual budgets and explanation on forecast variances to enable them to oversee the Group's operational and financial performance. Directors are also informed of any significant developments or events relating to the Group.
6.3	The Board has separate and independent access to the Company Secretary at all times. The Company Secretary or his/her nominee attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the management staff, ensures good information flows within the Board and the Board Committees and between senior management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.
6.4	The appointment and the removal of the Company Secretary are subject to the Board's approval.
6.5	The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a Group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	The Company's Corporate Governance Practice
7.1	The RC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. There is one executive director in the RC as the Board consists of four directors, out of which two are non-executive. The Board is currently on the lookout for an additional non-executive director to join the RC. The members of the RC are as follows: 1. Mr. Ong Kok Wah (Chairman, INED) 2. Mr. Masahiko Yabuki (INED) 3. Mr. Soennerstedt Carl Johan Pontus (ED) The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of directors and key management personnel of the Group. Mr. Soennerstedt Carl Johan Pontus will step down from the RC going forward.
7.2	Under its terms of reference, the RC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's key management personnel. The RC also reviews and recommends to the Board the specific remuneration packages for each director as well as the Company's key management personnel. The aim is to build capable and committed management teams, through competitive compensation, focused management, and progressive policies which will attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company. In discharging their duties, the members have access to advice from human resources department and external advisors as and when they deem necessary. To ensure that the remuneration package is competitive and sufficient to attract, retain and motivate the key management personnel, the RC also takes into consideration industry practices and norms in the compensation review. The RC as part of its review ensures that all aspects of remuneration, including and not limited to director's fees, salaries, allowances, bonuses, options and benefits-in-kinds are covered for each director and key management personnel.
7.3	No independent consultant is engaged for advising on the remuneration of all directors. The RC will seek external expert advice should such a need arise. The Company did not engage any remuneration consultant in FY2018.
7.4	The RC reviews the service contracts of the Company's executive directors and key executives. Services contracts for executive directors are for a fixed appointment period. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors and key executives.

Level and Mix of Remuneration

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

Guidelines of the Code	The Company's Corporate Governance Practice
8.1	The remuneration policy for executive directors is structured to link rewards to corporate and individual performance. Our executive directors' remuneration consists of salary, bonuses and other benefits. A proportion of the remuneration for the executive directors is linked to performance in the form of performance bonus. Executive directors are paid incentives based on achievement of targeted performance of their respective business units set at the beginning of the financial year. In setting the targets, due regards are given to the financial and commercial health and business needs of the Group. Executive directors do not receive directors' fees. The Group has also entered into letters of employment with all of the executive officers. Their compensation consists of salary, bonus and performance awards that are dependent on the performance of the Group.
8.2	The Company does not have any long-term incentive scheme or schemes involving the offer of shares or grant of options. In evaluating long-term incentives, the RC takes into consideration the costs and benefits of such schemes.
8.3	Non-executive directors ("NEDs") are remunerated under a framework of fixed fees for serving on the Board and Board Committees. Fees for NEDs are subject to the approval of shareholders at the AGM. The remuneration of the NEDs is tailored such that the NEDs are not overly compensated to the extent that their independence may be compromised. In setting remuneration packages, the Company takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individuals.
8.4	The Company does not implement the use of contractual provisions as it is of the view that such provisions would not enhance the performance of its executive directors and key management personnel. However, the letters of employment with all executive officers allow the Company the right to pursue appropriate action against executive officers and key management personnel for violation of company policies (including misconduct resulting in financial loss to the Company) and other fraudulent acts.

Disclosure on Remuneration

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

Guidelines of the Code	The Company's Corporate Governance Practice
9.1	Given the highly competitive environment it is operating in and the confidentiality attached to remuneration matters, the Company believes that fully disclosing the remuneration of each director and the CEO would be prejudicial to its business interests. The Company has instead disclosed the remuneration of each director and the CEO in bands of $200,000. The aggregate value of remuneration to directors has been disclosed on page 36 of this annual report. Similarly, the Company has disclosed the remuneration of each key management personnel (who are not directors or the CEO) in bands of $200,000. The aggregate value of remuneration to key management personnel (who are not directors or the CEO) has been disclosed on page 37 of this annual report.
9.2	Table 4 sets out the breakdown of the remuneration of each director and the CEO for FY2018.
9.3	Table 4A sets out the breakdown of the remuneration of the key management personnel (who are not directors or the CEO) for FY2018.
9.4	There is no immediate family member (defined in the Catalist Rules as the spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO in the employment of the Company whose annual remuneration exceeded $50,000 during FY2018.

9.5	There is presently no share scheme or option scheme on unissued shares of the Company or its subsidiaries.
9.6	The Company is of the view that disclosing specific details on the performance conditions used to determine the directors' remuneration would be unfavourable to its business interests. The RC is satisfied that all of the performance conditions used to determine the directors' remuneration have been met.

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the directors of the Company for the year ended 31 December 2018 is set out below:

Name of Director	**Breakdown of Remuneration in Percentage**					**Total Remuneration in Compensation Bands of $200,000**
	Directors' fees	**Salary**	**Bonus**	**Other Benefits**	**Total**	
Ong Kok Wah	100%	-	-	-	100%	<S$200,000
Masahiko Yabuki[1]	100%	-	-	-	100%	<S$200,000
Soennerstedt Carl Johan Pontus[2]	13%	64%	-	23%	100%	S$200,001 – S$400,000
Ong Soon Hwee, Gary[3]	-	93%		7%	100%	<S$200,000
Ang Chuan Hui, Peter[4]	-	44%	-	56%	100%	<S$200,000
Juliana Julianti Samudro[5]	-	46%	-	54%	100%	<S$200,000

[1] Mr Masahiko Yabuki was appointed as an Independent Non-Executive Director on 5 February 2018
[2] Mr Soennerstedt Carl Johan Pontus was re-designated as an Executive Director and Chief Executive Officer on 1 March 2018
[3] Mr Ong Soon Hwee, Gary was appointed as an Executive Director and Chief Operating Officer on 1 June 2018
[4] Mr Ang Chuan Hui, Peter was resigned as an Executive Director and Chief Executive Officer on 28 February 2018
[5] Ms Juliana Julianti Samudro was resigned as an Executive Director and Chief Financial Officer on 28 February 2018

- *Salary comprises basic salary, payment for leave not taken, Annual Wage Supplement (AWS) and the Company's contribution towards the Singapore Central Provident Fund where applicable.*
- *Variable bonus is paid based on the Company and individual's performance.*
- *Other benefits include transport allowance and personal income tax.*
- *The Company has no employee share option scheme in place.*
- *The director's fees are subject to shareholders' approval at the Annual General Meeting.*

There were no termination, retirement and post-employment benefits granted to directors or the CEO for the year ended 31 December 2018.

TABLE 4A – REMUNERATION OF KEY MANAGEMENT PERSONNEL

The breakdown of the total remuneration of the key management personnel (who are not directors or the CEO) of the Company for the year ended 31 December 2018 is set out below:

Name of Key Management Personnel	Breakdown of Remuneration in Percentage				Total Remuneration in Compensation Bands of $200,000
	Salary	Bonus	Other Benefits	Total	
Karnadi Widodo[1]	82%	-	18%	100%	<S$200,000
Foo Yeng Lee, Geraldine[(2)]	91%	-	9%	100%	<S$200,000

[1] Resigned as Senior Finance Manager with effect from 31 March 2018
[2] Appointed as Senior Finance Manager with effect from 1 February 2018

For the period under review, other than the persons as listed above, the Company had no other key management personnel who were not also directors or the CEO for the year ended 31 December 2018.

- *Salary comprises basic salary, payment for leave not taken, and the Company's contribution towards the Singapore Central Provident Fund where applicable.*
- *Variable bonus is paid based on the Company and individual's performance.*
- *Other benefits include transport and mobile allowance*
- *The Company has no employee share option scheme or performance share plan in place.*

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	The Company's Corporate Governance Practice
10.1	The Board provides the shareholders with a detailed and balanced explanation and analysis of the Group's performance, position and prospects on a quarterly basis.
10.2	The Board is mindful that it is accountable to shareholders and strives to ensure that full material information is disclosed to shareholders in a timely manner in compliance with the statutory requirements and Catalist Rules. Price sensitive information is first 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 following policies were established:- a. Directors' Training Policy; b. Policy on Delegation of Authority; c. Human Resource Policy; d. Financial Risk Management Policy; e. Code of Conduct and Business Ethics; and f. Policy on Matters reserved for the Board.
10.3	The Management provides the Board with appropriately detailed management accounts of the Group's performance and prospects on a monthly basis. The Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order for it to effectively discharge its duties.

Risk Management and Internal Controls

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

Guidelines of the Code	The Company's Corporate Governance Practice
11.1	The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board is satisfied that the system of internal procedures, controls and reviews that the Group has in place provide reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks.
11.2 & 11.3	Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, annual reviews of the adequacy and effectiveness of the company's risk management and internal control systems performed by Management, the AC and the Board, save as disclosed on page 44 of this annual report. The Board with the concurrence of the AC is of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, as well as risk management policies and systems, were adequate and effective as at 31 December 2018. The AC and the Board has received assurance from the CEO and Senior Finance Manager that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.
11.4	The Company has not put in place a risk management committee. However, Management has in place a financial risk management policy and regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the directors and AC. The AC provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting. Details of the Group's risk management policy are set out in Note 32 "Financial Risk Management" of the Notes to the Financial Statements.

Audit Committee

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

Guidelines of the Code	The Company's Corporate Governance Practice
12.1	The AC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. There is one executive director in the RC as the Board consists of four directors, out of which two are non-executive. The Board is currently on the lookout for an additional non-executive director to join the AC. Other directors are invited to attend AC meetings as and when appropriate. The members of the AC are as follows: 1. Mr. Masahiko Yabuki (Chairman, INED) 2. Mr. Ong Kok Wah (INED) 3. Mr. Soennerstedt Carl Johan Pontus (ED) Mr. Soennerstedt Carl Johan Pontus will step down from the AC going forward.
12.2	The members of the AC each have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.
12.3	The AC has full access to and full co-operation of Management. It also has the discretion to invite any director and executive officer to attend its meetings. The AC also has the power to conduct or authorise investigations into any matters within its terms of reference.
12.4	The AC meets periodically to perform the following functions: a. review the audit plans of the external auditors of the Company, and review the external auditors' evaluation of the adequacy of the Company's system of internal accounting controls, their letter to Management and Management's response; b. review the quarterly and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements; c. review the internal control procedures and the adequacy of the Group's internal controls and ensure co-ordination between the external auditors and Management, and 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); d. 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 likely to have a material impact on the Group's operating results or financial position, and Management's response; e. review the cost effectiveness and the independence and objectivity of the external auditors; f. recommend to the Board the external auditors to be nominated, approve the compensation of the external auditors, and review the scope and results of the audit; g. review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules; h. review potential conflicts of interest, if any; 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;

	j. undertake generally such other functions and duties as may be required by the legislation, regulations or the Catalist Rules, or by such amendments as may be made thereto from time to time; k. meet with external auditors, Management and any others considered appropriate in separate executive sessions to discuss any matters that the AC believes should be discussed privately and establish a practice to meet with external auditors without the presence of Management at least once annually; l. review the nature and extent of all non-audit services provided by the Group's external auditors, if any, and determine if such services would affect the independence of the external auditors; m. review and report to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls; n. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; o. make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; and p. review the effectiveness of the company's internal audit function.
12.5	The AC meets with the internal auditor and the external auditor separately, at least once a year, without the presence of Management to review any matter that might be raised. In FY2018, the AC met with the External Auditors once in the absence of key management personnel.
12.6	The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. Moore Stephens LLP, the Company's external auditor, carried out, as part of their statutory audit, a review of the effectiveness of the Company's internal accounting controls on an annual basis. Any material internal accounting control weaknesses noted in the course of the statutory audit were reported by the external auditors to the AC. The AC undertook the review of the independence and objectivity of the external auditor through discussions with the external auditor as well as confirmed that no non-audit services were provided. The aggregate amount of audit fees payable to the external auditor in FY2018 was $94,500. There were no non-audit fees paid to the external auditor in FY2018. The AC is satisfied with their independence; hence has recommended the re-appointment of the external auditor at the forthcoming AGM of the Company.
12.7	The Company with the assistance of the AC has put in place a "whistle blowing" process and has formulated the guidelines for a Whistle-Blowing Policy for the Group. Such a policy serves to encourage and provide a channel for staff to report in good faith and without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Non-Executive Chairman. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow up action to be taken. All reports will be promptly submitted to the AC which is responsible for investigating and coordinating corrective action. Details of the whistle-blowing policies and arrangements have been made available to all employees.
12.8	For FY2018, the AC met with and reviewed with the external auditors: a. the quarterly and full year financial statements of the Group and the Company, including announcements relating thereto to shareholders; b. the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group);

	c. their evaluation of the system of internal accounting controls; d. their audit report; e. the assistance given to them by the Company's officers; and f. the consolidated financial statements of the Group, the balance sheet and statement of changes of equity of the Company. The external auditors provide regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any. Please refer to page 50 for key audit matters reported by external auditors for FY2018. In appointing the audit firms for the Group, the AC and the Board are satisfied that the Group has complied with Rule 712 and Rule 715 of Catalist Rules.
12.9	There is no former partner or director of the Company's existing auditing firm or auditing corporation that is acting as a member of the Company's AC.

Internal Audit

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

Guidelines of the Code	The Company's Corporate Governance Practice
13.1	The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the internal auditor is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas. The AC approves the hiring, removal, evaluation and compensation of the head of the internal audit function. The Internal Auditor has unfettered access to all the company's documents, records, properties and personnel, including access to AC.
13.2	The Company has an in-house internal audit team that primarily reports to the Chairman of AC on a project by project basis. Internal Audit serves as a check and balance function on the Company's operation processes, procedures and new projects, especially in relation to newly established functions and projects within the Company. The in-house team comprises personnel of the Company's HR & Admin team. The AC is of the view that such arrangement would ensure that the internal audit function would have appropriate standing within the Company. The AC ensures that the internal audit function as discharged by the in-house team is adequately resourced.
13.3	The AC ensures that the internal audit function as discharged by the in-house team is staffed with personnel with the relevant qualifications and experience to perform its function whilst still maintaining objective views.
13.4	The internal audit function as discharged by the in-house team is according to the standards set by nationally or internationally recognised professional bodies.
13.5	On an annual basis, the AC continues to review specific audit risk areas and ensures that the internal audit function is adequate and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

Guidelines of the Code	The Company's Corporate Governance Practice
14.1	The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.
14.2	Management supports the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. Shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders.
14.3	A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary as defined in Section 181 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

COMMUNICATION WITH SHAREHOLDERS

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

Guidelines of the Code	The Company's Corporate Governance Practice
15.1	All materials on the full year financial results are available on the Company's website – www.wearepolaris.com. The website also contains various other investor-related information on the Company and an investor relations page which serves as an important resource for investors. Quarterly and full-year financial statements containing a summary of the financial information and affairs of the Group for the period are also released via SGXNet.
15.2	The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to Catalist Rules and the Companies Act of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNet") and/or the press. Additionally, annual reports are prepared and issued to all shareholders within the mandatory period. Notices of shareholders' meetings are advertised in a newspaper in Singapore.
15.3	The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group.
15.4	The Company conducts briefings occasionally for analysts, brokers and fund managers. Briefings for investors are held in conjunction with the release of the Company's quarterly and full year financial results, with the presence of the executive officers and the key management personnel to answer the relevant questions which the investors may have.
15.5	As the Company has registered accumulated losses as at 31 December 2018 and its current priority is to achieve long-term capital growth for the benefit of shareholders, its profits shall therefore be retained for investment into the future. The Board continues to monitor the financial position of the Company and will propose dividends at the appropriate time to the best interest of the shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

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

Guidelines of the Code	The Company's Corporate Governance Practice
16.1	Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or in absentia by proxy. The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in his or her place at general meetings. A shareholder who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.
16.2	Resolutions to be passed at general meetings are always separate and distinct in terms of issues and are consistent with the Code's guideline that companies should avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.
16.3	All directors attend general meetings of shareholders. The Chairman of the AC, RC and NC will be available at the AGM to respond to those questions relating to the scope of these Board Committees. The external auditors are also present to address shareholders' queries on the conduct of audit and the preparation and content of the Independent Auditors' report. The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the directors or Management questions regarding the Company and its operations.
16.4	In general meetings, shareholders are given the opportunity to communicate their views and direct questions to directors and Management regarding the Company. The Chairpersons of Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. While the Company does not avail the minutes of general meetings on its corporate website, the Company will provide digital copies of the minutes to shareholders upon request. The Company believes that with the aforementioned arrangement in place, Shareholders will have easy access to minutes of general meetings while enabling the Company to maintain confidentiality of the contents of the minutes in the interest of the Company.
16.5	To have greater transparency and fairness in the voting process, the Company conducts the voting of all its resolutions by poll at all its AGM and EGM. The detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for and against the resolutions are also announced after the meetings via SGXNet.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715.
1204(8)	Material Contracts	Save for the service agreement entered into with the executive directors which are still subsisting as at the end of FY2018, there was no material contract entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholders subsisting at the end of FY2018.

1204(10)	Confirmation of adequacy of internal controls	Save as disclosed in our respone in respect of Rule 1204(10C), the Board and the AC are of the opinion that the internal controls are adequate to address the financial, operational and compliance and information technology control and risk management systems which the Group considers relevant and material to its current business scope and environment for FY2018 based on the following: • internal controls and the risk management system established by the Company; • work performed by the Internal Auditors and External Auditors; • assurances from the CEO (or equivalent) and CFO (or equivalent); and • reviews done by the various Board Committees and key management personnel.
1204(10C)	AC's comment on the independence, effectiveness and adequacy of the internal audit function	The Board and AC are of the opinion that the internal audit function is not independent, effective and adequately resourced as the in-house internal audit work was performed by the director of a subsidiary of the Company whose personnel is not independent of the activities he audits. The Board and the AC intend to outsource the internal audit function to a third party professional firm in 2019.
1204(17)	Interested Persons Transaction ("**IPT**")	The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. During the year under review, there were no material interested person transactions requiring disclosure pursuant to the Catalist Rules.
1204(19)	Dealing in Securities	The Company has adopted internal practices in relation to dealings in the Company's securities pursuant to the Catalist Rules that are applicable to all its officers. The Company and its officers are not allowed to deal in the Company's securities on short term considerations; and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Directors and officers are required to observe insider trading provisions under the Securities and Futures Act Cap. 289 at all times even when dealing in the Company's securities within the permitted trading periods. Directors of the Company are required to report all dealings to the Company Secretary.
1204(21)	Non-sponsor fees	The Company's sponsor, Stamford Corporate Services Pte. Ltd., has not rendered any non-sponsorship services to the Company for FY2018.
1204(22)	Use of Proceeds	There were no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules at the end of FY2018, and no such proceeds have been raised since the end of the previous financial year.
711A	Sustainability Reporting	Please refer to page 10 of the Annual Report for Sustainability Report. The Sustainability report will also be made available to Shareholders on the SGXNet and the Company's website.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Polaris 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 properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date; 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.

1 Directors

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

Ong Kok Wah	*(Non-Executive Chairman)*
Sonnerstedt Carl Johan Pontus	*(Executive Director & Chief Executive Officer)*
Ong Soon Hwee	*(Executive Director & Chief Operating Officer)* (Appointed on 1 June 2018)
Masahiko Yabuki	*(Independent, Non-Executive Director)* (Appointed on 5 February 2018)

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 as stated below:

	Holdings registered in the name of director		*Holdings in which a director is deemed to have an interest*	
	At 1.1.18/ At date of appointment	At 31.12.18	At 1.1.18/ At date of appointment	At 31.12.18
The Company				
No. of ordinary shares				
Ong Kok Wah	70,000,000	70,000,000	-	-

There was no change in the above-mentioned director's interest between the end of the financial year and 21 January 2019.

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

4 Share Options

Options Granted

During the financial year, no share options to take up unissued shares of the Company or its subsidiaries were granted.

Options Exercised

During the financial year, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of options to take up unissued shares.

Options Outstanding

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

5 Audit Committee

The Audit Committee ("AC") comprises the following directors at the date of this statement:

Masahiko Yabuki (Chairman)
Ong Kok Wah
Sonnerstedt Carl Johan Pontus

The duties of the AC, amongst other things, include:

(i) review the audit plans of the internal and external auditors of the Company and reviewed the internal auditor's evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

(ii) review the quarterly financial information and annual financial statements and the auditor's report on the annual financial statements of the Group before their submission to the Board of Directors (the "Board");

(iii) review the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

(iv) meet with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(v) review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(vi) review the cost effectiveness and the independence and objectivity of the external auditors, and the nature and extent of non-audit services provided by the external auditors;

(vii) recommend to the Board the external auditors to be nominated, and review the scope and results of the audit;

(viii) report actions and minutes of the AC to the Board with such recommendations as the AC considered appropriate;

(ix) review interested persons transactions in accordance with the requirements of the SGX-ST Listing Manual; and

(x) undertake such other functions and duties as may be agreed to by the AC and the Board.

5 Audit Committee (cont'd)

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Code of Corporate Governance and the SGX-ST Listing Manual and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC has also undertaken a review of the nature and extent of non-audit services provided by the external auditors, and was of the opinion that there were no non-audit services rendered that would affect the independence of the external auditors.

Further information regarding the AC are detailed in the Corporate Governance Report included in the Annual Report of the Company.

The AC has recommended to the Board that the independent auditors, Moore Stephens LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

6 Independent Auditors

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

On behalf of the Board of Directors,

……………………………………..
Sonnerstedt Carl Johan Pontus
Director

……………………………………..
Ong Kok Wah
Chairman

Singapore
29 March 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Polaris Ltd. (the "Company") and its subsidiaries (collectively 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 statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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.

(cont'd)

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
Impairment of trade receivables As at 31 December 2018, the carrying amount of the Group's trade receivables amounted to S$2,001,000 (Note 20), which represented approximately 14% of its current assets. The collectability of trade receivables is a key element of the Group's working capital management, and is managed on an ongoing basis by management. The Group determines the expected credit loss ("ECL") of trade receivables by making debtor-specific assessment of expected impairment loss for overdue trade receivables and using a provision matrix for remaining trade receivables that is based on the Group's historical observed default rates, customers' ability to pay and adjusted with forward-looking information. The assessment of correlation between historical observed default rates, forecast economic conditions and expected credit losses require the management to exercise significant judgement. Accordingly, we determined this as a key audit matter. The Group's accounting policies on allowance for impairment and the critical accounting estimates and judgements thereon are disclosed in Note 3(i) and Note 4(ii) to the financial statements, respectively.	Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and key controls relating to the monitoring of trade receivables and considering their aging to identify collection risks. We performed audit procedures including, amongst others, reviewing the reasonableness of significant judgement used by the management in assessing the recoverability of trade receivables and reviewing management's assessment of the recoverability of overdue trade receivables. We tested the reasonableness of management's assumptions and inputs used to develop the provision matrix, through analyses of ageing of trade receivables and historical credit loss experience, and reviewed data and information that management has used, including consideration of forward-looking information based on specific economic data. We checked the arithmetic accuracy of management's computation of the ECL. We checked to subsequent receipts from major debtors after the year end. We obtained documentary evidence, representation and explanations from management to assess the recoverability of overdue outstanding debts, where applicable. In addition, we reviewed the adequacy of the disclosures relating to allowance for impairment loss on trade receivables and credit risk in Note 20 and Note 32(a) to the financial statements, respectively.

(cont'd)

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

(cont'd)

Auditor's Responsibility 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.

(cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Chiou Gee Willy.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
29 March 2019

CONSOLIDATED STATEMENT OF INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Continuing operations			
Revenue	5	23,058	34,721
Cost of sales		(21,092)	(32,089)
Gross profit		1,966	2,632
Other items of income:			
Interest income	6	69	8
Other income	7	181	103
Other items of expense:			
Marketing and distribution		(55)	(61)
Administrative expenses	10	(3,282)	(3,105)
Finance costs	8	(197)	(242)
Other expenses	9	(1,918)	(204)
Share of results of associates, net of tax	18	455	245
(Loss) before income tax		(2,781)	(624)
Income tax	11	(50)	-
(Loss) for the year from continuing operations		(2,831)	(624)
Discontinued operation			
Profit for the year from discontinued operation	12	2,721	1,612
Total (loss)/profit for the year		(110)	988
Attributable to:			
Equity holders of the Company:			
Loss from continuing operations, net of tax		(2,494)	(612)
Profit from discontinued operation, net of tax		2,721	1,612
		227	1,000
Non-controlling interests:			
Loss from continuing operations, net of tax		(337)	(12)
Total (loss)/profit for the year		(110)	988

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

(cont'd)

	Note	Group 2018 S$'000	Group 2017 S$'000 (Restated)
Total (loss)/profit for the year		(110)	988
Other comprehensive income/(loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Net gain on the fair value changes of equity instruments at fair value through other comprehensive income		46,184	-
Exchange differences on translation		37	(611)
Other comprehensive income/(loss) for the year		46,221	(611)
Total comprehensive income for the year		46,111	377
Attributable to:			
Equity holders of the Company		46,448	389
Non-controlling interests		(337)	(12)
Total comprehensive income for the year		46,111	377
Loss per share from continuing operations attributable to equity holders of the Company:			
Basic and diluted (cents per share)	13	(0.015)	(0.004)
Earnings per share from discontinued operation attributable to equity holders of the Company:			
Basic and diluted (cents per share)	13	0.016	0.010
Earnings per share from continuing and discontinued operations attributable to equity holders of the Company:			
Basic and diluted (cents per share)	13	0.001	0.006

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2018

	Note	Group 2018 S$'000	Group 2017 S$'000	Group 1.1.2017 S$'000	Company 2018 S$'000	Company 2017 S$'000	Company 1.1.2017 S$'000
ASSETS							
Non-Current Assets							
Property, plant and equipment	14	4,192	5,348	5,510	4,147	5,065	5,460
Investment properties	15	-	2,322	2,411	-	2,322	2,411
Intangible assets	16	-	225	404	-	-	-
Investments in subsidiaries	17	-	-	-	3,761	6,436	6,039
Investments in associates	18	1,182	721	482	-	-	-
Other financial assets	19	46,184	-	-	46,184	-	-
Other receivables	20	-	1,119	346	-	1,177	2,322
		51,558	9,735	9,153	54,092	15,000	16,232
Current Assets							
Trade and other receivables	20	2,530	11,451	9,505	22	7	269
Inventories	21	748	1,760	1,448	-	-	-
Assets held-for-sale	22	2,826	-	-	2,826	-	-
Prepayments		58	124	69	27	85	23
Cash and bank balances	23	8,445	5,085	6,737	6,592	400	287
		14,607	18,420	17,759	9,467	492	579
Total Assets		**66,165**	**28,155**	**26,912**	**63,559**	**15,492**	**16,811**
LIABILITIES AND EQUITY							
Current Liabilities							
Loans and borrowings	24	231	243	272	231	243	272
Trade and other payables	25	729	8,432	6,813	1,400	1,119	290
Other liabilities	26	342	539	432	169	261	266
Provision for income tax		50	-	-	50	-	-
		1,352	9,214	7,517	1,850	1,623	828
Non-Current Liabilities							
Loans and borrowings	24	4,296	4,535	5,366	4,296	4,535	5,366
		4,296	4,535	5,366	4,296	4,535	5,366
Total Liabilities		5,648	13,749	12,883	6,146	6,158	6,194
Equity Attributable to Equity Holders of the Company							
Share capital	27(a)	402,747	402,747	402,747	402,747	402,747	402,747
Fair value adjustment	27(b)	46,184	-	-	46,184	-	-
Foreign currency translation reserve	27(c)	(574)	(611)	-	-	-	-
Accumulated losses		(388,150)	(388,377)	(389,227)	(391,518)	(393,413)	(392,130)
		60,207	13,759	13,520	57,413	9,334	10,617
Non-controlling interests	28	310	647	509	-	-	-
Total Equity		60,517	14,406	14,029	57,413	9,334	10,617
Total Liabilities and Equity		**66,165**	**28,155**	**26,912**	**63,559**	**15,492**	**16,811**

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

	Attributable to equity holders of the Company						
	Share capital S$'000	Fair value adjustment S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
Group							
Balance at 1 January 2018	402,747	-	(611)	(388,377)	13,759	647	14,406
Profit/(Loss) for the year	-	-	-	227	227	(337)	(110)
Other comprehensive income for the year	-	46,184	37	-	46,221	-	46,221
Total comprehensive income for the year	-	46,184	37	227	46,448	(337)	46,111
Balance at 31 December 2018	402,747	46,184	(574)	(388,150)	60,207	310	60,517

The accompanying notes form an integral part of these financial statements

(cont'd)

	Attributable to equity holders of the Company						
	Share capital S$'000	Fair value adjustment S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
Group							
Balance at 1 January 2017	402,747	-	940	(390,167)	13,520	509	14,029
Adjustment on initial application of SFRS(I) 1	-	-	(940)	940	-	-	-
Adjusted balance at 1 January 2017	402,747	-	-	(389,227)	13,520	509	14,029
Profit/(Loss) for the year	-	-	-	1,000	1,000	(12)	988
Other comprehensive (loss) for the year	-	-	(611)	-	(611)	-	(611)
Total comprehensive (loss)/income for the year	-	-	(611)	1,000	389	(12)	377
Dilution of non-controlling interests (Note 28)	-	-	-	(150)	(150)	150	-
Balance at 31 December 2017	402,747	-	(611)	(388,377)	13,759	647	14,406

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Group	
	2018	2017
	S$'000	S$'000
Cash Flows from Operating Activities		
Loss before income tax from continuing operations	(2,781)	(624)
Profit before income tax from discontinued operation	2,726	1,612
(Loss)/Profit before income tax	(55)	988
Adjustments for:		
Amortisation of intangible assets	84	179
Depreciation of property, plant and equipment	433	516
Depreciation of investment properties	90	89
Finance costs	229	348
Interest income	(73)	(23)
Loan receivables written off	1,117	-
Inventories written-down	17	14
Net loss on asset transfer	339	-
Net gain on disposal of an subsidiary	(2,153)	-
Net (gain)/loss on disposal of property, plant and equipment	(10)	4
Share of results of associates	(455)	(245)
Unrealised exchange gain	(4)	(131)
Operating cash flows before changes in working capital	(441)	1,739
Changes in working capital:		
Inventories	(253)	(337)
Trade and other receivables	2,883	(2,443)
Prepayments	26	(56)
Trade and other payables	(2,700)	1,592
Other liabilities	(84)	53
Cash flows (used in)/generated from operations	(569)	548
Interest received	73	23
Interest paid	(229)	(348)
Net cash flows (used in)/generated from operating activities	(725)	223

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

(cont'd)

	Group	
	2018	2017
	S$'000	S$'000
Cash Flows from Investing Activities		
Increase in loans receivable due from franchisee	-	(770)
Purchase of property, plant and equipment	(68)	(368)
Proceeds from disposal of property, plant and equipment	19	11
Net cash inflow on disposal of a subsidiary (Note 17(d))	4,610	-
Net cash outflow on asset transfer (Note 9)	(260)	-
Decrease/(Increase) in pledged fixed deposits	1,010	(10)
Net cash flows generated from/(used in) investing activities	5,311	(1,137)
Cash Flows from Financing Activities		
Repayments of bank loans	(251)	(860)
Net cash flows used in financing activities	(251)	(860)
Net increase/(decrease) in cash and cash equivalents	4,335	(1,774)
Cash and cash equivalents at the beginning of the year	4,075	5,737
Effects of exchange rate changes on cash and cash equivalents held in foreign currencies	35	112
Cash and cash equivalents at the end of the year (Note 23)	8,445	4,075

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

Polaris 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 Company's registered address and principal place of business is at 81 Ubi Avenue 4, #03-11, Singapore 408830.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 17.

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

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

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

In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 *First-Time Adoption of Singapore Financial Reporting Standards (International)*. Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at the end of the current reporting period. 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 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 FRS 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 FRS 21.

c) Cumulative translation differences for all foreign operations are reset to zero as at the date of transition to SFRS(I) on 1 January 2017.

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 FRS prior to date of transition are not restated.

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

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

Reconciliation of the Group's equity

Consolidated Statement of Financial Position	Note	**31 December 2017** FRS S$'000	SFRS(I) 1 S$'000	SFRS(I)s S$'000	**1 January 2018** SFRS(I)s S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment		5,348	-	5,348	5,348
Investment properties		2,322	-	2,322	2,322
Intangible assets		225	-	225	225
Investments in associates		721	-	721	721
Other financial assets		-	-	-	-
Other receivables		1,119	-	1,119	1,119
		9,735	-	9,735	9,735
Current Assets					
Trade and other receivables		11,451	-	11,451	11,451
Inventories		1,760	-	1,760	1,760
Prepayments		124	-	124	124
Cash and bank balances		5,085	-	5,085	5,085
		18,420	-	18,420	18,420
Total Assets		**28,155**	**-**	**28,155**	**28,155**
LIABILITIES AND EQUITY					
Current Liabilities					
Loans and borrowings		243	-	243	243
Trade and other payables		8,432	-	8,432	8,432
Other liabilities		539	-	539	539
		9,214	-	9,214	9,214
Non-Current Liabilities					
Loans and borrowings		4,535	-	4,535	4,535
		4,535	-	4,535	4,535
Total Liabilities		13,749	-	13,749	13,749
Equity Attributable to Equity Holders of the Company					
Share capital		402,747	-	402,747	402,747
Foreign currency translation reserve	A	329	(940)	(611)	(611)
Accumulated losses	A	(389,317)	940	(388,377)	(388,377)
		13,759	-	13,759	13,759
Non-controlling interests		647	-	647	647
Total Equity		14,406	-	14,406	14,406
Total Liabilities and Equity		**28,155**	**-**	**28,155**	**28,155**

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

(a) First-time adoption of SFRS(I) and adoption of new standards (cont'd)

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

Consolidated Statement of Financial Position	Note	1 January 2017 FRS S$'000	SFRS(I) 1 S$'000	SFRS(I)s S$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment		5,510	-	5,510
Investment properties		2,411	-	2,411
Intangible assets		404	-	404
Investments in associates		482	-	482
Other financial assets		-	-	-
Other receivables		346	-	346
		9,153	-	9,153
Current Assets				
Trade and other receivables		9,505	-	9,505
Inventories		1,448	-	1,448
Prepayments		69	-	69
Cash and bank balances		6,737	-	6,737
		17,759	-	17,759
Total Assets		**26,912**	**-**	**26,912**
LIABILITIES AND EQUITY				
Current Liabilities				
Loans and borrowings		272	-	272
Trade and other payables		6,813	-	6,813
Other liabilities		432	-	432
		7,517	-	7,517
Non-Current Liabilities				
Loans and borrowings		5,366	-	5,366
		5,366	-	5,366
Total Liabilities		12,883	-	12,883
Equity Attributable to Equity Holders of the Company				
Share capital		402,747	-	402,747
Foreign currency translation reserve	A	940	(940)	-
Accumulated losses	A	(390,167)	940	(389,227)
		13,520	-	13,520
Non-controlling interests		509	-	509
Total Equity		14,029	-	14,029
Total Liabilities and Equity		**26,912**	**-**	**26,912**

The Company's opening balance sheet was prepared as at 1 January 2017, which was the Company's date of transition to SFRS(I). There were no material impact to the Company's balances on adoption of SFRS(I).

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

(a) First-time adoption of SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliation of the Group's equity

A. SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. 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.

Foreign currency translation reserve

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative translation difference for all foreign operations to nil at the date of transition, and reclassified the cumulative translation difference of S$940,000 as at 1 January 2017 determined in accordance with SFRS to accumulated losses. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. By electing this optional exemption, the cumulative translation difference decreased by S$940,000 and accumulated losses increased by the same amount as at 1 January 2017.

B. SFRS(I) 15

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

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively. There is no impact on the Group's financial statements on the adoption of SFRS(I) 15, and no comparative information was restated.

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

(a) First-time adoption of SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliation of the Group's equity (cont'd)

C. SFRS(I) 9

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

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Accounting policies Note 3(i)). Additionally, the Group is exempted from complying with SFRS(I) 7 for the comparative period to the extent that the disclosures required by the SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under FRS 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 FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at 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 has not had a significant effect on the Group's accounting policies for financial liabilities.

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

(a) First-time adoption of SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliation of the Group's equity (cont'd)

C. SFRS(I) 9 (cont'd)

The impact upon the adoption of SFRS(I) 9 as well as the new requirements are described below.

(i) Classification of financial assets and financial liabilities

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

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI (debt instrument), FVOCI (equity instrument); 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 FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

		Measurement category		Carrying amount		
	Note	FRS 39	SFRS(I) 9	FRS 39	SFRS(I) 9	Difference
Group				S$'000	S$'000	S$'000
Non-current financial assets						
Other financial assets - quoted equity investment	(a)	AFS (FVOCI)	FVOCI	-	-	-
Other receivables	(b)	Loan and receivables (amortised cost)	Amortised cost	1,119	1,119	-
Current financial assets						
Trade and other receivables	(b)	Loan and receivables (amortised cost)	Amortised cost	11,451	11,451	-
Cash and bank balances		Loan and receivables (amortised cost)	Amortised cost	5,085	5,085	-

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

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

Notes to the reconciliation of the Group’s equity (cont’d)

C. SFRS(I) 9 (cont’d)

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

	Note	Measurement category FRS 39	Measurement category SFRS(I) 9	Carrying amount FRS 39 S$’000	Carrying amount SFRS(I) 9 S$’000	Difference S$’000
Group (cont’d)						
Current financial liabilities						
Loans and borrowings		Financial liabilities (amortised cost)	Amortised cost	243	243	-
Trade and other payables		Financial liabilities (amortised cost)	Amortised cost	8,432	8,432	-
Other liabilities		Financial liabilities (amortised cost)	Amortised cost	539	539	-
Non-current financial liabilities						
Loans and borrowings		Financial liabilities (amortised cost)	Amortised cost	4,535	4,535	-
Company						
Non-current financial assets						
Other financial assets - quoted equity investment	(a)	AFS (FVOCI)	FVOCI	-	-	-
Other receivables	(b)	Loan and receivables (amortised cost)	Amortised cost	1,177	1,177	-
Current financial assets						
Trade and other receivables	(b)	Loan and receivables (amortised cost)	Amortised cost	7	7	-
Cash and bank balances		Loan and receivables (amortised cost)	Amortised cost	400	400	-

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

(a) First-time adoption of SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliation of the Group's equity (cont'd)

C. SFRS(I) 9 (cont'd)

(i) Classification of financial assets and financial liabilities (cont'd)

	Note	Measurement category		Carrying amount		
		FRS 39	SFRS(I) 9	FRS 39	SFRS(I) 9	Difference
Company (cont'd)				S$'000	S$'000	S$'000
Current financial liabilities						
Loans and borrowings		Financial liabilities (amortised cost)	Amortised cost	243	243	-
Trade and other payables		Financial liabilities (amortised cost)	Amortised cost	1,119	1,119	-
Other liabilities		Financial liabilities (amortised cost)	Amortised cost	261	261	-
Non-current financial liabilities						
Loans and borrowings		Financial liabilities (amortised cost)	Amortised cost	4,535	4,535	-

(a) Available-for-sale equity investment

For quoted equity investment, the Group has elected to present fair value changes on this equity investment in other comprehensive income under SFRS(I) 9, because this instrument is not held for trading. Accordingly, this asset is categorised as "Equity investment at fair value through other comprehensive income". Unlike FRS 39, the accumulated fair value adjustment reserve related to this investment will never be reclassified to profit or loss.

(b) Trade and other receivables

Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

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

(a) First-time adoption of SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliation of the Group's equity (cont'd)

C. SFRS(I) 9 (cont'd)

(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, but not to equity investment.

The Group has applied the simplified impairment approach to recognise only lifetime ECL impairment charges on all trade receivables and that arise from SFRS(I) 15. Based on the assessment made, there is no allowance for impairment recognised in opening accumulated losses of the Group at 1 January 2018 on transition to SFRS(I) 9 as the ECL is insignificant. For other receivables, the Group has assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the allowance for impairment using 12-month ECL and determined that the ECL is insignificant.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 did not have significant effect on the Group and the Company. Additional information about how the Group and the Company measure the allowance for impairment is described in Note 32(a).

(iii) Transition impact on the Group's equity

There is no impact to the Group's reserves and accumulated losses at 1 January 2018 on the initial application of SFRS(I) 9.

D. Impact on the Consolidated Statement of Cash Flows

There were no material adjustments to the Group's consolidated statement of cash flows arising from the transition from FRS to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15.

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

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

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

Description		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
Amendments to SFRS(I) 9	*Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28	*Long term Interests in Associates and Joint Ventures*	1 January 2019
Annual improvements to SFRS(I)s 2015-2017 cycle	*- Amendments to SFRS(I) 3 Business Combinations* *- Amendments to SFRS(I) 11 Joint Arrangements* *- Amendments to SFRS(I) 1-12 Income Taxes* *- Amendments to SFRS(I) 1-23 Borrowing Costs*	1 January 2019
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	*Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
Amendments to SFRS(I) 3	*Business Combinations*	1 January 2020
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 SFRS(I) 16, the Group expects 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 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.

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

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

SFRS(I) 16 *Leases* (cont’d)

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

As disclosed in Note 31, the Group has entered into operating leases for its retail outlets as lessee. The Group does not expect any significant impact on the financial statements based on the existing operating leases, when the standard is applied as of 1 January 2019. However, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Group’s activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required.

3 Significant Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) as issued by Accounting Standards Council. These are the Group’s first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time adoption of Singapore Financial Reporting Standards (International)* has been applied. In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (“FRS”). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 2(a). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

3 Significant Accounting Policies (cont'd)

(b) Group Accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous held equity interest in the acquiree over the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

3 Significant Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

Subsidiaries (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFRS(I) 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group loses control of a subsidiary, it:

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

3 Significant Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

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 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 profit or loss, 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 or joint venture, 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.

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.

3 Significant Accounting Policies (cont'd)

(c) 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.

(d) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore Dollar ("S$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

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 rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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.

3 Significant Accounting Policies (cont'd)

(d) Foreign Currencies (cont'd)

Translation of Group entities' financial statements

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which the case income and expenses are translating using the exchange rates at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency 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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3 Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure related 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 item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are recognised in profit or loss when incurred.

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

Commercial properties	-	30 years
Furniture, fixtures and renovation	-	3 to 5 years
Office equipment and computers	-	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 leases.

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

The residual value, useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision are recognised in profit or loss when the changes arise.

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 from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 Significant Accounting Policies (cont'd)

(f) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amount over the estimated useful life of 30 years. The residual value, useful life and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision are recognised in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and 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.

Investment properties are derecognised when either they have been disposed of or when the asset is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year of retirement or disposal.

(g) Intangible Assets

Intangible assets acquired separately are measured initially at cost or acquired in a business combination are identified and recognised separately from goodwill at their fair value at the acquisition date. Intangible assets are subsequently stated at cost less accumulated amortisation and accumulated impairment losses.

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

The useful life and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The effect of any revision are recognised in profit or loss when the changes arise.

Intangible assets are 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.

The Group's finite intangible assets comprise Customer Relationship and Lease Agreement.

3 Significant Accounting Policies (cont'd)

(h) Impairment of Non-Financial Assets

Non-financial assets (including finite intangible assets) are tested for impairment whenever there is any indication that these assets may be impaired.

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), on an individual asset.

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 of disposal 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 (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3 Significant Accounting Policies (cont'd)

(i) Financial Assets – Accounting Policies are applicable from 1 January 2018

i. Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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 FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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 amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent Measurement

(a) Debt instruments

Debt instruments mainly comprise of cash and bank balances 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 using the measurement as below:

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies are applicable from 1 January 2018 (cont'd)

i Classification and measurement (cont'd)

Subsequent Measurement (cont'd)

(a) Debt instruments (cont'd)

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. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. For debt instrument that is measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss. 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 in profit or loss using the effective interest rate method and is included in the "other income" line item.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value of equity investments in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Dividends are included in the 'other income' line item in profit or loss.

Changes in fair value of equity instruments at FVOCI are recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies are applicable from 1 January 2018 (cont'd)

ii. Impairment

The Group assesses on a forward looking basis the expected credit losses associated with financial assets measured at amortised costs.

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

- 12-month 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.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

<u>Simplified approach - Trade receivables</u>

The Group applies the simplified approach to provide ECLs for all trade receivables as permitted by SFRS(I) 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

<u>General approach - Other financial instruments</u>

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

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies are applicable from 1 January 2018 (cont'd)

ii. Impairment (cont'd)

General approach - Other financial instruments (cont'd)

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.

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 one year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies are applicable from 1 January 2018 (cont'd)

ii Impairment (cont'd)

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 event;
- 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;
- 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. 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.

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies are applicable from 1 January 2018 (cont'd)

iii. 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. On derecognition of an investment in equity instrument, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognises fair value changes in other comprehensive income. If the Group has elected on initial recognition to measure the equity instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(i) Financial Assets - Accounting Policies applied until 1 January 2017

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

i. Loans and receivables

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

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies applied until 1 January 2017 (cont'd)

Classification (cont'd)

ii. Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within twelve months after the reporting period.

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 has been transferred and transferred substantially all the risks and rewards of ownership of the financial asset to another 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 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 and subsequent measurements

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets, available-for-sale are subsequently carried at fair value.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income.

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies applied until 1 January 2017 (cont'd)

Initial and subsequent measurements (cont'd)

Gains and losses arising from changes in fair value of available-for-sale debt investments are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised directly in profit or loss. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences, with the exception of impairment losses. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

For financial assets, available-for-sale that do not have a quoted market price in an active market, and/or whose fair value cannot be reliably measured are stated at cost less impairment losses subsequent to initial recognition.

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.

i. Loans and receivables

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.

3 Significant Accounting Policies (cont'd)

(i) Financial Assets - Accounting Policies applied until 1 January 2017 (cont'd)

Impairment (cont'd)

ii. Financial assets, available-for-sale

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that an available-for-sale equity investment is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on available-for-sale equity investment are not reversed through profit or loss.

For financial assets, available-for-sale that are carried at cost, the amount of the impairment loss is measured as the difference between the equity security's carrying amount and the present value of the estimated cash flows discounted at the current market return for a similar financial asset. The impairment losses recognised as an expense on equity security are not reversed.

(j) 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.

Financial liabilities are initially measured at fair value, plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are presented as "trade and other payables", "loans and borrowings" and "other liabilities" on the statement of financial position.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

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

3 Significant Accounting Policies (cont'd)

(k) Offsetting Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods comprises direct costs 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 stock obsolescence is made for obsolete and slow moving inventories.

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, fixed deposits, bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above less pledged fixed deposits.

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(o) 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.

3 Significant Accounting Policies (cont'd)

(p) Government Grants

Grants from the government are recognised at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

(q) Revenue

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

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

Distribution sale of mobile handsets and accessories

Revenue from the sale of mobile handsets and accessories is recognised when control of the products has transferred, being when the goods are delivered to the customer, the customer has full discretion over the manner of distribution and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has the objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this represents the point in time that the right to consideration is unconditional because only the passage of time is required before the payment is due.

Retail sale of consumer electronics and related products

The Group operates a retail store selling electronics and related products. Revenue from the sale of electronics and related products is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

3 Significant Accounting Policies (cont'd)

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowings of funds.

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

(s) Employee Benefits

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

Defined contribution plan

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 as a liability when they accrue to employees. A provision for the estimated liability for annual leave is recognised for services rendered by employees up to the reporting date.

(t) Leases

Operating lease (when the Group is a lessor)

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as income in profit or loss when earned.

Operating lease (when the Group is a lessee)

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (when the Group is a lessee) are recognised in profit or loss on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in profit or loss when incurred.

3 Significant Accounting Policies (cont'd)

(u) Income Tax

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3 Significant Accounting Policies (cont'd)

(u) Income Tax (cont'd)

Deferred tax (cont'd)

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.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefit embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised as income or an expense in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

(v) Segment Reporting

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

3 Significant Accounting Policies (cont'd)

(w) Non-current Assets Held-for-sale and Discontinued Operations

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria set out above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (or disposal groups) classified as held-for-sale (held for distribution) are measured at the lower of the assets' previous carrying amount and fair value less cost to sell (fair value less costs to distribute).

The assets are not depreciated or amortised while they are classified as held-for-sale. In addition, equity accounting of associates and joint ventures ceases once classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

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

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

When a component of an entity 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 Significant Accounting Policies (cont'd)

(x) 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.

4 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are set out in Note 3 above, the 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.

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below.

(i) Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance and financial position and the overall economic environment.

The carrying amount of the Company's investments in subsidiaries as at 31 December 2018 and the movements in the allowance for impairment loss are disclosed in Note 17.

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

Key sources of estimation uncertainty

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

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

(ii) Allowance for expected credit loss of trade receivables

The Group uses a provision matrix to calculate allowance for expected credit loss (ECL) for trade receivables. The provision rates are based on internal credit ratings for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates analysed in accordance with days past due for groupings of various customer segments in the past two years. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. Further, the Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Note 32(a). The carrying amount of the Group's trade receivables as at 31 December 2018 is disclosed in Note 20.

5 Revenue

Disaggregation of revenue from contract with customers

The Group's revenue is disaggregated by principal geographical areas, major product and services lines and timing of revenue recognition. This is consistent with the revenue information as disclosed in Note 34.

	Group	
	2018	2017
	S$'000	S$'000
		(Restated)
Principal geographical market		
Singapore		
Distribution sale of mobile handsets & accessories	959	7,732
Retail sale of consumer electronics and related products	15,606	21,762
	16,565	29,494
Hong Kong		
Retail sale of consumer electronics and related products	4,272	-
Indonesia		
Distribution sale of mobile handsets & accessories	217	1,793
Myanmar		
Distribution sale of mobile handsets & accessories	-	26
Retail sale of consumer electronics and related products	-	3
	-	29
Philippines		
Distribution sale of mobile handsets & accessories	2,004	3,405
	23,058	34,721
Major product or service lines and timing of revenue recognition		
Distribution sale of mobile handsets & accessories	3,180	12,956
Retail sale of consumer electronics and related products	19,878	21,765
At point of time	23,058	34,721

6 Interest Income

	Group	
	2018	2017
	S$'000	S$'000 (Restated)
Continuing operations		
Interest income:		
- Bank deposits	69	8
Total interest income on financial assets at amortised cost	69	8

7 Other Income

	Group	
	2018	2017
	S$'000	S$'000 (Restated)
Continuing operations		
Rental income	111	58
Government grants	45	36
Other miscellaneous income	25	9
	181	103

8 Finance Costs

	Group	
	2018	2017
	S$'000	S$'000 (Restated)
Continuing operations		
Interest expense:		
- Bank loans	121	163
Total interest expenses for financial liabilities not classified at fair value through profit or loss	121	163
Bank charges	76	79
	197	242

9 Other Expenses

	Group	
	2018 S$'000	2017 S$'000 (Restated)
Continuing operations		
Depreciation of property, plant and equipment	362	441
Depreciation of investment properties	90	89
Net gain on disposal of property, plant and equipment	(6)	(2)
Net loss on asset transfer (Note A)	339	-
Net foreign exchange gain	(1)	(338)
Inventories written-down	17	14
Loan receivables written off (Note 20(e))	1,117	-
	1,918	204

Note A:

On 6 September 2018, CM Polaris Pte Ltd ("CM Polaris"), a subsidiary of the Group, entered into an Asset Transfer Agreement ("ATA") with R7 Rigel.1 Pte. Ltd. (the "Purchaser"), Asiatic Mart Holding Pte Ltd, and Polaris KKC Holdings Pte. Ltd., both of which are shareholders of CM Polaris (the "Shareholders"). The ATA encloses a novation agreement (the "Novation Agreement") which was entered into by the Purchaser, CM Polaris and CM Polaris Company Limited (not part of the Group), a company incorporated in Myanmar.

The assets to be transferred (the "Assets") include (i) nett of all monies held in CM Polaris's fixed deposit and (ii) all of CM Polaris's rights and obligations under the franchise and license agreement between CM Polaris Company Limited and CM Polaris (the "Franchise and License Agreement", which shall be novated in accordance with the Novation Agreement).

The Franchise and License Agreement grants CM Polaris Company Limited the right to use the trademarks, service marks, logos and other commercial symbols as well as overarching distinctive business formats and methods owned by CM Polaris, for the operation of the business in Myanmar. Upon completion of the ATA, CM Polaris shall irrevocably novate all its rights and obligations under the Franchise and License Agreement to the Purchaser.

The directors of the Company are of the view that the Proposed Transfer of the Assets was in the best interest of the Group, due to the lack of business performance and loss-making business in CM Polaris. As there were no conditions precedent under the ATA, the transfer of the Assets was deemed to have been completed on signing of the ATA. The consideration for the transfer of the Assets of approximately S$1,121,000 has been fully received in cash by the Group pursuant to the terms of the ATA at the reporting date.

9 Other Expenses (cont'd)

Note A: (cont'd)

Net loss on asset transfer

	2018 S$'000
Cash consideration received in full	1,121
Transferred of assets (including fixed deposits of approximately S$1.381 million)	(1,460)
Net loss on asset transfer	(339)

The aggregate cash outflow arising from asset transfer

	2018 S$'000
Consideration received in cash and cash equivalents	1,121
Less: fixed deposits transferred (as above)	(1,381)
Net cash outflow on asset transfer	(260)

10 Loss before Income Tax from Continuing Operations

The following items have been included in arriving at loss before income tax from continuing operations:

	Group	
	2018 S$'000	2017 S$'000 (Restated)
Continuing operations		
Audit fees:		
- Auditors of the Company	94	60
Directors' fees:		
- Directors of the Company	70	60
- Over provision in prior year	-	(33)
Employee benefits expenses (Note 29)	1,974	2,151
Lease related expenses	458	498

11 Income Tax

	Group	
	2018 S$'000	2017 S$'000 (Restated)
Continuing operations		
Current income tax:		
- Current year	-	-
- Under provision in respect of prior years	50	-
	50	-

The reconciliation between the income tax and the product of accounting (loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December is as follows:

	Group	
	2018 S$'000	2017 S$'000 (Restated)
Loss before income tax from continuing operations	(2,781)	(624)
Income tax at the applicable tax rate of 17% (2017: 17%)	(473)	(106)
Adjustments:		
Non-deductible expenses	481	249
Effect of partial tax exemption and tax relief	-	(18)
Deferred tax assets not recognised	69	-
Deferred tax assets previously not recognised now utilised	-	(83)
Under provision in respect of prior years	50	-
Share of results of associates	(77)	(42)
	50	-

Unrecognised tax losses

As at 31 December 2018, the Group has unutilised tax losses of approximately S$41.1 million (2017: S$40.7 million) 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$7.0 million (2017: S$6.9 million) have not been recognised in accordance with the Group's accounting policy stated in Note 3 (u).

12 Discontinued Operation

(a) Disposal of subsidiary

On 28 February 2018, the Company entered into a sale and purchase agreement with R7 Rigel Pte. Ltd. for the disposal of the Company's entire equity interest in its wholly owned subsidiary, Polaris Telecom Pte. Ltd., which is principally involved in the retail of mobile communication devices and accessories and provision of broadband and other related telecommunication services in Singapore (Retail Telecommunication with Franchise (comprising SingTel) segment). The disposal of the subsidiary was completed on 18 June 2018 (Note 17(d)).

(b) Analysis of profit for the year from discontinued operation

The result of the discontinued operation included in the consolidated statement of comprehensive income is set out below. The comparative statement of comprehensive income has been re-presented to include the operation classified as discontinued in the current period.

	Group	
	2018	2017
	S$'000	S$'000
Profit for the year from discontinued operation		
Revenue	20,928	45,866
Other income	27	113
	20,955	45,979
Expenses	(20,382)	(44,367)
Profit before income tax	573	1,612
Income tax	(5)	-
Profit for the year	568	1,612
Gain on disposal of discontinued operation (Note 17(d))	2,153	-
Profit for the year from discontinued operation (attributable to owners of the Company)	2,721	1,612
Cash flows from discontinued operation		
Net cash inflows from operating activities	887	552
Net cash outflows from investing activities	(25)	(434)
Net cash outflows from financing activities	(1,060)	(1,118)
Net cash outflows from discontinued operation	(198)	(1,000)

13 (Loss)/Earnings per Share

Basic (loss)/earnings per share from continuing operations are calculated by dividing (loss)/profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the financial years ended 31 December:

	Group	
	2018	2017
(Loss) for the year from continuing operations attributable to equity holders of the Company used in the computation of basic (loss) per share (S$'000)	(2,494)	(612)
Profit for the year from discontinued operations attributable to equity holders of the Company used in the computation of basic earnings per share (S$'000)	2,721	1,612
Profit for the year from continuing and discontinued operations attributable to equity holders of the Company used in the computation of basic earnings per share (S$'000)	227	1,000
Weighted average number of ordinary shares for basic (loss)/earnings per share computation (No. of shares '000)	17,053,170	17,053,170

There is no dilution of (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the financial years ended 31 December 2018 and 2017.

14 Property, Plant and Equipment

	Commercial properties S$'000	Furniture, fixtures and renovation S$'000	Office equipment and computers S$'000	Total S$'000
Group				
Cost				
Balance at 1 January 2017	5,607	1,302	745	7,654
Additions	-	170	198	368
Disposals	-	(18)	(86)	(104)
Effect of foreign currency exchange differences	-	-	(3)	(3)
Balance at 31 December 2017	5,607	1,454	854	7,915
Additions	-	20	48	68
Disposals	-	(1)	(70)	(71)
Disposal of subsidiary (Note 17(d))	-	(318)	(220)	(538)
Reclassified to assets held-for-sale (Note 22)	(700)	-	-	(700)
Balance at 31 December 2018	4,907	1,155	612	6,674
Accumulated depreciation				
Balance at 1 January 2017	596	932	616	2,144
Depreciation	189	223	104	516
Disposals	-	(12)	(77)	(89)
Effect of foreign currency exchange differences	-	-	(4)	(4)
Balance at 31 December 2017	785	1,143	639	2,567
Depreciation	188	167	78	433
Disposals	-	-	(62)	(62)
Disposal of subsidiary (Note 17(d))	-	(230)	(120)	(350)
Reclassified to assets held-for-sale (Note 22)	(106)	-	-	(106)
Balance at 31 December 2018	867	1,080	535	2,482
Net book value				
At 1 January 2017	5,011	370	129	5,510
At 31 December 2017	4,822	311	215	5,348
At 31 December 2018	4,040	75	77	4,192

14 Property, Plant and Equipment (cont'd)

	Commercial properties S$'000	Furniture, fixtures and renovation S$'000	Office equipment and computers S$'000	Total S$'000
Company				
Cost				
Balance at 1 January 2017	5,607	927	355	6,889
Additions	-	-	23	23
Disposals	-	-	(4)	(4)
Balance at 31 December 2017	5,607	927	374	6,908
Additions	-	-	16	16
Disposals	-	-	(22)	(22)
Reclassified to assets held-for-sale (Note 22)	(700)	-	-	(700)
Balance at 31 December 2018	4,907	927	368	6,202
Accumulated depreciation				
Balance at 1 January 2017	596	579	254	1,429
Depreciation	189	175	54	418
Disposals	-	-	(4)	(4)
Balance at 31 December 2017	785	754	304	1,843
Depreciation	188	106	40	334
Disposals	-	-	(16)	(16)
Reclassified to assets held-for-sale (Note 22)	(106)	-	-	(106)
Balance at 31 December 2018	867	860	328	2,055
Net book value				
At 1 January 2017	5,011	348	101	5,460
At 31 December 2017	4,822	173	70	5,065
At 31 December 2018	4,040	67	40	4,147

The Group's commercial properties with a carrying amount of S$4,040,000 (2017: S$4,822,000; 1.1.2017: S$5,011,000) are mortgaged to secure the Group's bank loans (Note 24) as at 31 December 2018.

During the financial year ended 31 December 2018, one of the commercial properties of the Group/Company with a carrying amount of S$594,000 was reclassified to assets held-for-sale (Note 22).

15 Investment Properties

	Group and Company	
	2018	2017
	S$'000	S$'000
Cost		
Balance at 1 January	2,618	2,618
Reclassified to assets held-for-sale (Note 22)	(2,618)	-
Balance at 31 December	-	2,618
Accumulated depreciation		
Balance at 1 January	296	207
Depreciation	90	89
Reclassified to assets held-for-sale (Note 22)	(386)	-
Balance at 31 December	-	296
Net book value		
At 31 December	-	2,322
Rental income from investment properties		
- Minimum lease payments	111	36
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	(17)	(9)

During the previous financial year, the Group's investment properties with a carrying amount of S$1,537,000 (1.1.2017: S$2,411,000) were mortgaged to secure the Group's bank loans (Note 24) as at 31 December 2018.

During the financial year ended 31 December 2018, all investment properties of the Group/Company with a carrying amount of S$2,232,000 was reclassified to assets held-for-sale (Note 22).

16 Intangible Assets

	Customer relationship S$'000	Lease agreements S$'000	Total S$'000
Group			
Cost			
Balance at 1 January 2017 and 1 January 2018	1,078	415	1,493
Disposal of subsidiary (Note 17(d))	(1,078)	(415)	(1,493)
Balance at 31 December 2018	-	-	-
Accumulated amortisation and impairment losses			
Balance at 1 January 2017	674	415	1,089
Amortisation	179	-	179
Balance at 31 December 2017 and 1 January 2018	853	415	1,268
Amortisation	84	-	84
Disposal of subsidiary (Note 17(d))	(937)	(415)	(1,352)
Balance at 31 December 2018	-	-	-
Net book value			
At 1 January 2017	404	-	404
At 31 December 2017	225	-	225
At 31 December 2018	-	-	-

Customer relationship and lease agreements

Customer relationship ("CR") and lease agreements ("LA") were acquired in the Group's acquisition of business of Multi-Channel Services Pte. Ltd., that was completed on 1 April 2013. CR and LA have an average amortisation period of six and three years, respectively.

17 Investments in Subsidiaries

	Company 2018 S$'000	Company 2017 S$'000	Company 1.1.2017 S$'000
Unquoted shares, at cost	11,085	14,085	12,688
Less: Allowance for impairment	(7,324)	(7,649)	(6,649)
	3,761	6,436	6,039
Movements in allowance account:			
At 1 January	(7,649)	(6,649)	(4,263)
Charge for the year	(675)	(1,000)	(2,386)
Written off	1,000	-	-
At 31 December	(7,324)	(7,649)	(6,649)

Impairment loss of subsidiaries

An allowance for impairment loss of S$675,000 was recognised in the current financial year for the Company's investment in a partially owned subsidiary, Polaris KKC Holdings Pte. Ltd. The allowance for the impairment loss was the estimated irrecoverable amount of the Company's investment in the subsidiary, determined by reference to its financial position which in the opinion of the management, represented the fair value of the Company's investment in the subsidiary. The allowance for impairment loss of S$1,000,000 recognised in the previous financial year was for the Company's investment in a wholly owned subsidiary, Polaris Culture Pte. Ltd., which has now been written off as the subsidiary was struck off during the financial year.

(a) Composition of the Group

The Group has the following investments in subsidiaries:

Name and principal place of business	Principal activities	Group effective proportion of ownership interest 2018 %	2017 %	1.1.2017 %
Held by the Company				
Polaris Device Pte. Ltd.(1) Singapore	Regional mobile handset distributor	100	100	100
Polaris Network Pte. Ltd.(1) Singapore	Retailer of mobile handset and services and consumer electronics	100	100	100
Polaris Telecom Pte. Ltd.(3) Singapore	Retailer of mobile handset and services	-	100	100

17 Investments in Subsidiaries (cont'd)

(a) Composition of the Group (cont'd)

The Group has the following investments in subsidiaries: (cont'd)

Name and principal place of business	Principal activities	Group effective proportion of ownership interest 2018 %	2017 %	1.1.2017 %
Held by the Company (cont'd)				
Polaris Culture Pte. Ltd.[(2)] Singapore	Investment holding company	-	100	100
Polaris Explorer Pte. Ltd.[(1)] Singapore	Investment holding company	100	100	100
Polaris TMT Ltd. [(2)] Hong Kong SAR, People's Republic of China	Dormant	-	100	100
Polaris KKC Holdings Pte. Ltd.[(5)(6)] Singapore	Investment holding company	85	85	70
Held through Polaris KKC Holdings Pte. Ltd.("KKC subgroup")				
CM Polaris Pte. Ltd.[(5)(6)] Singapore	Joint venture investment in Myanmar	71	71	47
Held through Polaris KKC Holdings Pte. Ltd.("KKC subgroup")				
Polaris Maju Sdn. Bhd.[(4)] Malaysia	Dormant	-	-	100

(1) Audited by Moore Stephens LLP, Singapore.
(2) The subsidiary was struck off during the current year. There is no material gain or loss recognised in the profit or loss of the Group.
(3) The subsidiary was disposed of during the current year.
(4) The subsidiary was struck off during the previous year. There was no material gain or loss recognised in the profit or loss of the Group.
(5) During the previous financial year, the Company injected additional capital into the subsidiary which had resulted in the change of the Group's ownership interest in the subsidiary.
(6) The subsidiary has ceased its business activities after the completion of the transfer of assets, as described in Note 9.

17 Investments in Subsidiaries (cont'd)

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

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

Name and principal place of business	Proportion of ownership interest held by NCI	(Loss)/Profit allocated to NCI during the reporting period S$'000	Accumulated NCI at the end of reporting period S$'000	Dividends paid to NCI S$'000
31 December 2018				
Polaris KKC Holdings Pte. Ltd. subgroup ("KKC subgroup") Singapore	15%	(337)	310	-
31 December 2017				
Polaris KKC Holdings Pte. Ltd. subgroup ("KKC subgroup") Singapore	15%	(12)	647	-
1 January 2017				
Polaris KKC Holdings Pte. Ltd. subgroup ("KKC subgroup") Singapore	30%	4	509	-

17 Investments in Subsidiaries (cont'd)

(c) Summarised financial information about subsidiaries with material NCI of KKC subgroup

Summarised financial information including goodwill on acquisition and consolidation adjustments with material NCI are as follows:

Summarised statement of financial position

	2018 S$'000	2017 S$'000	1.1.2017 S$'000
Current			
Assets	1,116	1,396	772
Liabilities	(105)	(7)	(10)
Net current assets	1,011	1,389	762
Non-Current			
Assets	-	944	174
Liabilities	-	(167)	-
Net non-current assets	-	777	174
Net assets	1,011	2,166	936

Summarised statement of comprehensive income

	2018 S$'000	2017 S$'000
Revenue	-	-
Loss before income tax	(1,184)	(38)
Income tax	-	-
Loss after income tax	(1,184)	(38)
Other comprehensive income	-	-
Total comprehensive loss	(1,184)	(38)

17 Investments in Subsidiaries (cont'd)

(d) Disposal of subsidiary

On 18 June 2018, the Group disposed of its wholly owned subsidiary, Polaris Telecom Pte. Ltd., for a total cash consideration of S$6 million.

Analysis of asset and liabilities over which control was lost

	2018 S$'000
Cash and cash equivalents	1,390
Trade and other receivables	6,040
Inventories	1,248
Property, plant and equipment (Note 14)	188
Intangible assets (Note 16)	141
Prepayments	40
Trade and other payables	(5,082)
Other liabilities	(113)
Income tax payable	(5)
Net assets disposed of	3,847

Gain on disposal of subsidiary

	2018 S$'000
Cash consideration received	6,000
Net assets disposed of (as above)	(3,847)
Gain on disposal of subsidiary	2,153

The gain on disposal is included in the profit for the year from discontinued operation in the consolidated statement of comprehensive income (Note 12).

The aggregate cash inflow arising from disposal of subsidiary

	2018 S$'000
Consideration received in cash and cash equivalents	6,000
Less: cash and cash equivalent balances disposed of (as above)	(1,390)
Net cash inflow on disposal	4,610

18 Investments in Associates

	Group			Company		
	2018	2017	1.1.2017	2018	2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Investments in associates						
PT Trikomsel Oke Tbk. ("TRIO")	-	-[1]	-	-	-[1]	-
Other associate (unquoted)	1,182	721	482	-	-	-
	1,182	721	482	-	-	-
Fair value of investment in TRIO for which there is a published price quotation	-	-[2]	-[2]	-	-[2]	-[2]

[1] During the financial year ended 31 December 2017, the Group's ownership interest in TRIO had been diluted from an associate to an equity investment, and accordingly, had been reclassified to financial assets, available-for-sale.

[2] On 6 January 2016, the Indonesia Stock Exchange ("IDX") had temporarily suspended the trading of TRIO's shares. As at the relevant dates, the trading of TRIO's shares had continued to be suspended.

18 Investments in Associates (cont'd)

The following table below summarises the movements of the investments in associates:

	Group			Company		
	2018 S$'000	2017 S$'000	1.1.2017 S$'000	2018 S$'000	2017 S$'000	1.1.2017 S$'000
Investments in associates, at cost:						
- TRIO	-	-	313,267	-	-	313,267
- Other associates	539	539	596	-	-	-
Share of post-acquisition reserves:						
- TRIO	-	-	(313,267)	-	-	(313,267)
- Other associate	643	182	(57)	-	-	-
Disposal:						
- Other associate	-	-	(57)[(1)]	-	-	-
	1,182	721	482	-	-	-
Less: Allowance for impairment of investment						
- TRIO	-	-	-	-	-	-
	1,182	721	482	-	-	-

(1) Related to the disposal of Polaris Gold (Thailand) Co., Ltd.

Detail of the Group's investments in associates is as follows:

Name and principal place of business	Principal activities	Group effective proportion of ownership interest 2018 %	2017 %	1.1.2017 %
Held by the Company				
PT Trikomsel Oke Tbk. ("TRIO") Indonesia	Retail and distribution of telecommunication and multimedia products.	-	-[(2)]	45
Held through Polaris Explorer Pte. Ltd.				
Polaristitans Philippines Inc.[(1)] Philippines	Engage in, conduct and carry on the business of importing, exporting, manufacturing, selling, distributing and marketing of wholesale telecommunication equipment.	40	40	40

(1) Audited by Ong Ordonez & Associates.
(2) TRIO has been diluted from an associate to an equity investment.

18 Investments in Associates (cont'd)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I) adjusted by the Group for equity accounting purposes.

	2018 S$'000
Polaristitans Philippines Inc.	
Current assets	5,156
Non-current assets	13
Current liabilities	(1,177)
Non-current liabilities	(1,037)
Revenue	27,446
Profit for the year	1,137
Total comprehensive income for the year	1,137
Dividends received from the associate	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Polaristitans Philippines Inc. recognised in the consolidated financial statements:

	2018 S$'000
Net assets of the associate	2,955
Proportion of the Group's ownership in Polaristitans Philippines Inc.	40%
Carrying amount of the Group's interest in Polaristitans Philippines Inc.	1,182

19 Other Financial Assets

	Group and Company		
	2018	2017	1.1.2017
	S$'000	S$'000	S$'000
Financial asset, available-for-sale			
Quoted equity investment			
PT Trikomsel Oke Tbk. ("TRIO")	-	-	-
Equity investment measured at fair value through other comprehensive income			
Quoted equity investment			
PT Trikomsel Oke Tbk. ("TRIO")	46,184	-	-
	46,184	-	-

The above equity investment represents the Group's remaining 8.22% investment in TRIO owing to the dilution of the Group's equity interest as described in Note 18.

During the financial year ended 31 December 2018, the suspension on the shares of TRIO has been removed. The fair value of the quoted equity investment is measured under Level 1 of the Fair Value Hierarchy (Note 32).

As per the Group's investment policy, this investment in equity instrument is not held for trading. Instead, it is held mainly for long-term strategic purposes. Accordingly, this investment is designated at FVOCI as the management believes that recognising short-term fluctuations in this investment's FVPL would not be consistent with the Group's strategy of holding this investment for long-term purposes.

The Group has not disposed of its investment in equity investment measured at FVOCI during the current reporting period.

20 Trade and Other Receivables

	Group			Company		
	2018	2017	1.1.2017	2018	2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trade and other receivables (current)						
Trade receivables						
- Third party	645	4,577	4,029	-	-	-
- Associate	1,356	531	216	-	-	-
	2,001	5,108	4,245	-	-	-
Other receivables	226	5,406	4,041	20	-	262
Advances to suppliers	110	850	1,084	-	-	-
GST receivables	86	(21)	21	-	-	-
Refundable deposits	107	108	114	2	7	7
	2,530	11,451	9,505	22	7	269
Other receivables (non-current)						
Loans receivable due from franchisee (net of allowance)	-	951	174	-	-	-
Amounts due from subsidiaries (net of allowance)	-	-	-	-	1,177	2,322
Refundable deposits	-	168	172	-	-	-
	-	1,119	346	-	1,177	2,322
Total trade and other receivables (current and non-current)	2,530	12,570	9,851	22	1,184	2,591

(a) Trade receivables

Trade receivables are non-interest bearing and the credit period ranges from 30 to 90 days (2017: 30 to 90 days; 1.1.2017: 30 to 90 days).

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL) as disclosed in the accounting policy Note 3(i)(ii). There has been no change in the estimation techniques or significant assumptions made during the current reporting period. None of the trade receivables that have been written off is subject to enforcement activities.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as presented below. The Group's provision for loss allowance is based on past due as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

20 Trade and Other Receivables (cont'd)

(a) Trade receivables

Group	Current S$'000	< 30 days S$'000	31 to 60 days S$'000	61 to 90 days S$'000	> 90 days S$'000	Total S$'000
	← Trade receivables past due (days) →					
Expected credit loss rate	*	*	*	*	*	
Trade receivables – gross carrying amount at default	1,595	311	7	84	4	2,001
Loss allowance – lifetime ECL	-	-	-	-	-	-
	1,595	311	7	84	4	2,001

* insignificant ECL rate

There is no allowance for impairment arising from these outstanding balances as the expected credit losses are insignificant.

Previous accounting policy for impairment of trade receivables

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

	Group 2017 S$'000	Group 1.1.2017 S$'000
- Current	4,654	4,014
- Past due 1 - 30 days	191	176
- Past due 31 - 60 days	35	35
- Past due 61 - 90 days	56	-
- More than 90 days	172	20
	5,108	4,245

There is no allowance for impairment loss of trade receivables during the previous years.

20 Trade and Other Receivables (cont'd)

(b) Other receivables

Other receivables are non-interest bearing. In the previous financial year, included in other receivables were rebates/commission earned from retail outlets under SingTel franchise amounted to S$4,660,000 (1.1.2017: S$3,557,000).

(c) Advances to suppliers

Advances to suppliers are for the purchase of goods and services to be delivered subsequent to the financial year end.

(d) Refundable deposits

Refundable deposits are rental and security deposits paid by the Group for its retail outlets. They do not carry any credit terms and are refundable upon expiry of the lease terms.

(e) Loans receivable due from franchisee

	Group		
	2018	2017	1.1.2017
	S$'000	S$'000	S$'000
Loans receivable	-	5,680	4,903
Less: Allowance for impairment			
At 1 January	(4,729)	(4,729)	(4,729)
Addition	(1,117)	-	-
Written-off	5,846	-	-
	-	(4,729)	(4,729)
Net carrying amount	-	951	174

Loans receivable due from franchisee were unsecured and interest-bearing at 5.9% per annum. During the current financial year, the Group has fully recognised for impairment on the loans receivable.

20 Trade and Other Receivables (cont'd)

(f) Amounts due from subsidiaries

	Company		
	2018 S$'000	2017 S$'000	1.1.2017 S$'000
Amounts due from subsidiaries	3,871	3,878	4,672
Less: Allowance for impairment			
At 1 January	(2,701)	(2,350)	-
Addition	(1,170)	(351)	(2,350)
	(3,871)	(2,701)	(2,350)
Net carrying amount	-	1,177	2,322

Amounts due from subsidiaries were non-trade, unsecured, non-interest bearing and were to be settled in cash on demand. During the current financial year, the Company has fully recognised for impairment on the amounts due.

(g) Impairment loss on financial assets

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

21 Inventories

	Group		
	2018	2017	1.1.2017
	S$'000	S$'000	S$'000
Statement of financial position			
Finished goods (at cost or net realisable value)	748	1,760	1,448
Statement of income			
Inventories recognised as an expense in cost of sales	21,091	74,440	84,512
Inventories written-down	17	14	46

During the financial year, inventories were written down to account for loss in the value of inventories held through obsolescence, damages, expired shelf life, and unsaleability.

22 Assets Held-for-Sale

	Group and Company		
	2018	2017	1.1.2017
	S$'000	S$'000	S$'000
At 1 January	-	-	-
Reclassified from property, plant and equipment (Note 14)	594	-	-
Reclassified from investment properties (Note 15)	2,232	-	-
At 31 December	2,826	-	-

During the financial year ended 31 December 2018, the Group and the Company have committed to sell one of its commercial properties and all investment properties. Accordingly, the net carrying amounts of the commercial properties and investment properties which were previously under "Property, Plant and Equipment" and "Investment Properties", respectively, are reclassified to "Assets Held-for-Sale" at the lower of the assets' previous carry amount and fair value less cost to sell.

22 Assets Held-for-Sale (cont'd)

Details of the Group's and the Company's assets held-for-sale are as follows:

Description and location	Existing use	Tenure	Unexpired lease term	Amount S$'000
UB.ONE, Unit 03-14[(1)]	Office	Leasehold	50 years	594
UB.ONE, Unit 03-15	Office	Leasehold	50 years	756
UB.ONE, Unit 03-21[(1)]	Office	Leasehold	50 years	738
UB.ONE, Unit 03-22[(1)]	Office	Leasehold	50 years	738
				2,826

[(1)] The property is mortgaged to secure the Group's bank loans (Note 24) as at 31 December 2018.

23 Cash and Bank Balances

	Group			Company		
	2018 S$'000	2017 S$'000	1.1.2017 S$'000	2018 S$'000	2017 S$'000	1.1.2017 S$'000
Cash on hand and at bank	2,739	2,738	2,854	886	400	286
Fixed deposits	5,706	2,347	3,883	5,706	-	1
Cash and bank balances	8,445	5,085	6,737	6,592	400	287
Less:						
Pledged fixed deposits	-	(1,010)	(1,000)			
Cash and cash equivalents as per consolidated statement of cash flows	8,445	4,075	5,737			

Cash at bank earns interest at floating rates based on daily banks deposit rates.

The Group's fixed deposits have maturity periods ranging from 3 to 9 months (2017: 3 to 9 months; 1.1.2017: 3 to 9 months). The interest rates for the fixed deposits are between 1.36% and 2.62% (2017: 0.95% and 1.45%; 1.1.2017: 0.65% to 1.12%) per annum.

During the previous financial year, the Group's fixed deposits of S$1,010,000 (1.1.2017: S$1,000,000) was pledged as security for a banker guarantee granted to the Group.

24 Loans and Borrowings

	Maturity	Group and Company 2018 S$'000	2017 S$'000	1.1.2017 S$'000
Current				
Loan I	2019	81	99	104
Loan II	2019	90	81	83
Loan III	2019	60	63	61
Loan IV	2019	-	-	24
		231	243	272
Non-Current				
Loan I	2020 - 2032	1,650	1,730	1,826
Loan II	2020 - 2034	1,613	1,712	1,787
Loan III	2020 - 2034	1,033	1,093	1,155
Loan IV	2020 - 2034	-	-	598
		4,296	4,535	5,366
Total loans and borrowings		4,527	4,778	5,638

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

	1 January S$'000	Repayments S$'000	31 December S$'000
Group			
2018			
Bank loans	4,778	(251)	4,527
2017			
Bank loans	5,638	(860)	4,778

24 Loans and Borrowings (cont'd)

Loan I

This loan is secured by a first mortgage over the Group's commercial property (Note 14) and assets held-for-sale (Note 22). The loan is repayable in 240 instalments, bear interest at 3.22% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.12% below BCFR for the 2nd year, and 2.82% below BCFR for the 3rd year and thereafter at BCFR. Currently, BCFR is at 6.25% per annum (2017: 5.75% per annum; 1.1.2017: 5.10% per annum).

Loan II

These loans are secured by a first mortgage over the Group's commercial properties (Note 14) and are repayable in 240 instalments, bear interest at 3.32% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.02% below BCFR for the 2nd year, and 1.85% below BCFR for the 3rd year and thereafter 0.75% over BCFR. Currently, BCFR is at 6.25% per annum (2017: 5.75% per annum; 1.1.2017: 4.50% per annum).

Loan III

These loans are secured by the first mortgage over the Group's assets held-for-sale (Note 22) and are repayable in 240 instalments, bear interest at 3.22% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.12% below BCFR for the 2nd year, and 2.82% below BCFR for the 3rd year and thereafter 2.43% over BCFR. Currently, BCFR is at 6.25% per annum (2017: 5.75% per annum; 1.1.2017: 5.10% per annum).

Loan IV

This loan was secured by a first mortgage over the Group's investment property (Note 15) and was repayable in 240 instalments, bore interest at 3.40% below Bank's Commercial Variable Rate 2 ("CR2") for the 1st year, 3.08% below CR2 for the 2nd year, and 2.30% below CR2 for the 3rd year and thereafter at CR2. CR2 was at 4.68% per annum.

The loan was fully repaid during the previous financial year and the relevant investment property has accordingly been discharged from the mortgage.

25 Trade and Other Payables

	Group			Company		
	2018	2017	1.1.2017	2018	2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Trade and other payables						
Trade payables	417	5,119	2,145	-	-	-
Other payables	280	3,345	4,579	37	111	234
GST payables	32	(32)	89	32	38	56
Amounts due to subsidiaries	-	-	-	1,331	970	-
	729	8,432	6,813	1,400	1,119	290

Trade payables and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 days (2017: 60 days; 1.1.2017: 60 days). Other payables include amounts due to retail dealers amounted to S$2,672,000 (1.1.2017: S$3,618,000) in the previous financial year. The Group has fully repaid the amount during the current financial year.

Amounts due to subsidiaries

Amounts due to subsidiaries are non-trade, unsecured, non-interest bearing, and are to be settled in cash on demand.

26 Other Liabilities

	Group			Company		
	2018	2017	1.1.2017	2018	2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Accrued operating expenses	342	539	432	169	261	266

27 Share Capital and Reserve

(a) Share Capital

	Group and Company	
	No. of ordinary shares '000	S$'000
Issued and fully paid		
At 1 January 2017, 31 December 2017 and 31 December 2018	17,053,170	402,747

27 Share Capital and Reserve (cont'd)

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

(b) Fair Value Adjustment

	Group and Company		
	2018	2017	1.1.2017
	S$'000	S$'000	S$'000
Fair value adjustment	46,184	-	-

The fair value adjustment represents cumulative gains arising on the revaluation of equity investment at FVOCI (2017: financial assets, available-for-sale, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired) that have been recognised in other comprehensive income.

(c) Foreign Currency Translation Reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The movement of the foreign currency translation reserve during the financial year are set out in the Group's consolidated statement of changes in equity.

28 Non-controlling Interests

	Group	
	2018	2017
	S$'000	S$'000
At 1 January	647	509
Share of results of subsidiaries	(337)	(12)
Dilution of non-controlling interests	-	150
At 31 December	310	647

29 Employee Benefits

	Group	
	2018	2017
	S$'000	S$'000 (Restated)
Continuing operations		
Employee benefits (including directors):		
- Salaries and bonuses	1,661	1,899
- Central Provident Fund contributions	144	137
- Other short-term benefits	169	115
	1,974	2,151

30 Related Party Transactions

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

Sale and Purchase of Goods and Services

	Group	
	2018	2017
	S$'000	S$'000
Sales of finished goods to:		
- An associate	2,004	3,405

Compensation of Key Management Personnel

	Group	
	2018	2017
	S$'000	S$'000
Short-term employee benefits	477	876
Central Provident Fund contributions	21	18
Other short-term benefits	237	180
	735	1,074
Comprise amounts paid/payable to:		
Directors of the Company	631	970
Other key management personnel	104	104
	735	1,074

31 Commitments

Where the Group is a lessor

The Group and the Company have entered into commercial leases on its investment properties. These non-cancellable leases have remaining lease terms of 1 to 2 years (2017: 1 to 2 years).

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	Group and Company	
	2018	2017
	S$'000	S$'000
Not later than one year	82	111
Later than one year but not later than five years	7	103
	89	214

Where the Group is a lessee

Operating lease commitments represent rentals payable by the Group for its retail outlets. These leases have a tenure period of between 1 and 2 years (2017: 1 and 2 years). They are negotiated for an average term of two years and rentals are fixed for an average of two years.

Future minimum lease payments payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	2017
	S$'000	S$'000
Not later than one year	380	805
Later than one year but not later than five years	35	581
	415	1,386

32 Financial Risk Management

Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market risk.

Financial risk management is carried out by management under policies approved by the Board of Directors of the Company. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group.

(a) 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's exposure to credit risk arises primarily from trade and other receivables, refundable deposits, amounts dues from subsidiaries, and cash and bank balances. For other financial assets (including cash and bank balances), 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 one year and nine months or there is significant difficulty of the counterparty.

The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group	
	2018	2017
	S$'000	S$'000
Trade and loan receivables by country:		
Singapore	645	4,575
Myanmar	-	951
Philippines	1,356	531
Others	-	2
	2,001	6,059

The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Trade receivables

As disclosed in Note 3(i)(ii), the Group uses a provision matrix 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 matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Further details on the loss allowance of the Group's credit risk exposure in relation to the trade receivables is disclosed in Note 20.

Cash and bank balances and other financial assets

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

Impairment on cash and bank balances 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 bank balances have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and bank balances to those used for debt investments. The amount of the allowance on cash and bank balances was immaterial.

Credit risk grading guideline

The Group's management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit Risk (cont'd)

Credit risk grading guideline (cont'd)

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e. interest and/or principal repayment are more than 30 days past due).	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired (i.e. interest and/or principal repayments are more than one year past due).	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) 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:

Group	Internal credit rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
			S$'000	S$'000	S$'000
31 December 2018					
Trade receivables	Note A	Lifetime ECL (Simplified)	2,001	-	2,001
Other receivables	Performing	12-month ECL	333	-	333
31 December 2017					
Trade receivables	Note A	Lifetime ECL (Simplified)	5,108	-	5,108
Other receivables	Performing	12-month ECL	5,682	-	5,682
Other receivables	Non-performing	Lifetime ECL (credit impaired)	5,680	(4,729)	951
1 January 2017					
Trade receivables	Note A	Lifetime ECL (Simplified)	4,245	-	4,245
Other receivables	Performing	12-month ECL	4,327	-	4,327
Other receivables	Non-performing	Lifetime ECL (credit impaired)	4,903	(4,729)	174

Note A – 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 Note 20.

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) 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:

Company	Internal credit rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
			S$'000	S$'000	S$'000
31 December 2018					
Other receivables	Performing	12-month ECL	22	-	22
Other receivables	Non-performing	Lifetime ECL (credit impaired)	3,871	(3,871)	-
31 December 2017					
Other receivables	Performing	12-month ECL	7	-	7
Other receivables	Non-performing	Lifetime ECL (credit impaired)	3,878	(2,701)	1,177
1 January 2017					
Other receivables	Performing	12-month ECL	269	-	269
Other receivables	Non-performing	Lifetime ECL (credit impaired)	4,672	(2,350)	2,322

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, short-term deposits and other financial assets are placed or entered into with reputable financial institutions. The information of the past due financial assets (trade receivables) are disclosed in Note 20.

(b) Liquidity Risk

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

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity Risk (cont'd)

To manage liquidity risk, the Group monitors its net operating cash flow, maintains a level of cash and bank balances and secured committed funding facilities from financial institutions. In assessing the adequacy of these facilities, the Group reviews working capital and capital expenditure requirements continually so as to mitigate the effects of fluctuations in the cash flows. When a potential shortfall in cash is anticipated, the Group will finance the shortfall by way of borrowings, share placements and/or issue of convertible securities in a timely manner. The Group places its surplus funds with reputable banks.

The Group will continue to review, formulate and implement a liquidity risk management policy and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 5% (2017: 5%; 1.1.2017: 5%) of the Group's loans and borrowings (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Group					
31 December 2018					
Financial assets:					
Trade and other receivables (1)	2,334	-	-	2,334	2,334
Cash and bank balances	8,465	-	-	8,465	8,445
Total undiscounted financial assets	10,799	-	-	10,799	10,779
Financial liabilities:					
Trade and other payables (1)	697	-	-	697	697
Other liabilities	342	-	-	342	342
Loans and borrowings	416	2,075	3,562	6,053	4,527
Total undiscounted financial liabilities	1,455	2,075	3,562	7,092	5,566
Total net undiscounted financial assets/(liabilities)	9,344	(2,075)	(3,562)	3,707	5,213

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Group (cont'd)					
31 December 2017					
Financial assets:					
Trade and other receivables [(1)]	10,622	1,119	-	11,741	11,741
Cash and bank balances	5,101	-	-	5,101	5,101
Total undiscounted financial assets	15,723	1,119	-	16,842	16,842
Financial liabilities:					
Trade and other payables [(1)]	8,464	-	-	8,464	8,464
Other liabilities	539	-	-	539	539
Loans and borrowings	386	2,017	4,210	6,613	4,778
Total undiscounted financial liabilities	9,389	2,017	4,210	15,616	13,781
Total net undiscounted financial assets/(liabilities)	6,334	(898)	(4,210)	1,226	3,061
1 January 2017					
Financial assets:					
Trade and other receivables [(1)]	8,400	346	-	8,746	8,746
Cash and bank balances	6,748	-	-	6,748	6,737
Total undiscounted financial assets	15,148	346	-	15,494	15,483
Financial liabilities:					
Trade and other payables [(1)]	6,724	-	-	6,724	6,724
Other liabilities	432	-	-	432	432
Loans and borrowings	433	2,353	5,126	7,912	5,638
Total undiscounted financial liabilities	7,589	2,353	5,126	15,068	12,794
Total net undiscounted financial assets/(liabilities)	7,559	(2,007)	(5,126)	426	2,689

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Company					
31 December 2018					
Financial assets:					
Trade and other receivables [1]	22	-	-	22	22
Cash and bank balances	6,612	-	-	6,612	6,592
Total undiscounted financial assets	6,634	-	-	6,634	6,614
Financial liabilities:					
Trade and other payables [1]	1,368	-	-	1,368	1,368
Other liabilities	169	-	-	169	169
Loans and borrowings	416	2,075	3,563	6,054	4,527
Total undiscounted financial liabilities	1,953	2,075	3,563	7,591	6,064
Total net undiscounted financial assets/(liabilities)	4,681	(2,075)	(3,563)	(957)	550
31 December 2017					
Financial assets:					
Trade and other receivables [1]	7	1,177	-	1,184	1,184
Cash and bank balances	400	-	-	400	400
Total undiscounted financial assets	407	1,177	-	1,584	1,584
Financial liabilities:					
Trade and other payables [1]	1,362	-	-	1,362	1,362
Other liabilities	261	-	-	261	261
Loans and borrowings	386	2,017	4,210	6,613	4,778
Total undiscounted financial liabilities	2,009	2,017	4,210	8,236	6,401
Total net undiscounted financial liabilities	(1,602)	(840)	(4,210)	(6,652)	(4,817)

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Company (cont'd)					
1 January 2017					
Financial assets:					
Trade and other receivables [1]	269	2,322	-	2,591	2,591
Cash and bank balances	287	-	-	287	287
Total undiscounted financial assets	556	2,322	-	2,878	2,878
Financial liabilities:					
Trade and other payables [1]	234	-	-	234	234
Other liabilities	266	-	-	266	266
Loans and borrowings	433	2,353	5,126	7,912	5,638
Total undiscounted financial liabilities	933	2,353	5,126	8,412	6,138
Total net undiscounted financial liabilities	(377)	(31)	(5,126)	(5,534)	(3,260)

[1] Amount excludes advances to suppliers, GST receivables and GST payables.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

As the Group's and Company's loans and borrowings are presently on floating rates, the Group and Company will continue to review, formulate and implement policies to manage interest costs for new loans and borrowings using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the Bank Commercial Financing rate, Bank Commercial Variable rates and Bank's cost of funds had been 0.1% (2017: 0.1%) basis points higher/lower with all other variables held constant, the Group's and Company's loss before income tax would have been S$4,527 (2017: S$4,778) higher/lower, arising as a result of higher/lower interest expenses on floating rate loans and borrowings.

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign Currency Risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Euro ("EUR").

To manage the foresaid foreign currency risk, the Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments of purchases in the same currency denomination.

	USD	EUR	Total
	S$'000	S$'000	S$'000
Group			
31 December 2018			
Financial assets			
Trade and other receivables	1,356	-	1,356
Cash and bank balances	1,265	-	1,265
	2,621	-	2,621
Net financial assets	2,621	-	2,621
31 December 2017			
Financial assets			
Trade and other receivables	1,422	472	1,894
Cash and bank balances	2,313	89	2,402
	3,735	561	4,296
Financial liabilities			
Trade and other payables	(38)	(11)	(49)
Net financial assets	3,697	550	4,247

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(d) Foreign Currency Risk (cont'd)

	USD S$'000	EUR S$'000	Total S$'000
Group (cont'd)			
1 January 2017			
Financial assets			
Trade and other receivables	420	-	420
Cash and bank balances	3,167	-	3,167
	3,587	-	3,587
Net financial assets	3,587	-	3,587

If the following currencies strengthens by 5% (2017: 5%) against S$ at the reporting date, with all other variables being held constant, the effect arising from the net financial assets position will be as follows:

	Group Increase in loss before tax	
	2018 S$'000	2017 S$'000
USD	131	185
EUR	-	27

A 5% weakening of S$ against the above currencies would have had the equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

The Company has not disclosed its exposure to foreign currency risk as the Company's risk exposure is not significant.

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(e) Market risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price arising from its equity investment.

Sensitivity analysis for market risk

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period.

The Group's equity investment is listed on the Indonesia Stock Exchange (IDX). If the quoted equity price of the IDX listed equity classified as financial asset measured at FVOCI (2017: available-for-sale), had increased/(decreased) by 5% with all other variables including tax rate being held constant, the Group's net loss for the year would have been unaffected as the equity investment is classified as FVOCI; and the Group's other comprehensive income would have increased/(decreased) by S$2,309,000 (2017: Nil).

There has been no change to the Group's exposure to equity prices or the manner in which these risks are managed and measured.

At the date of authorisation of these financial statements, based on the prevailing quoted equity price of the IDX listing equity, the Group's equity investment had increased from S$46,184,000 as at 31 December 2018 to S$49,425,000, resulting in a fair value gain of approximately S$3,241,000.

(f) Fair Value of Financial Instruments

Fair value measurements recognised in the statement of financial position

The Group has established control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Group's key management, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(f) Fair Value of Financial Instruments (cont'd)

Fair value hierarchy

The financial instruments that are measured subsequent to initial recognition at fair value are required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

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

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of each class of assets and liabilities not measured at fair value at the reporting date but for which fair value is disclosed:

	(Level 1) S$'000	(Level 2) S$'000	(Level 3) S$'000	Total S$'000	Carrying Amount S$'000
Group					
31 December 2018					
Assets:					
Assets held-for-sale	-	-	2,826	2,826	2,826
31 December 2017					
Assets:					
Investment properties	-	-	2,431	2,431	2,322
1 January 2017					
Assets:					
Investment properties	-	-	2,457	2,457	2,411

32 Financial Risk Management (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(f) Fair Value of Financial Instruments (cont'd)

Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

Investment properties and assets held-for-sale

The valuation of investment properties is based on comparable market transactions that consider sales of similar properties that have been transacted in the open market. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Other financial assets and financial liabilities

The fair values of other financial assets and financial liabilities with a maturity of less than one year, which are primarily cash and bank balances, trade and other receivables, trade and other payables, and short-term loans and borrowings, are assumed to approximate their carrying amounts because of the short-term maturity of these financial instruments.

The fair value of non-current other receivables and long-term loans and borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date. The carrying amounts of these financial assets and financial liabilities are assumed to approximate their respective fair values. The Group does not anticipate that the carrying amounts recorded at the reporting date would be significantly different from the values that would eventually be received or settled.

(g) Excessive Risk Concentration

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

33 Capital Management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group will continue to review, formulate and implement policies to keep gearing ratio below 50%. The Group includes within net debt, loans and borrowings, trade and other payables less cash and bank balances.

	Group		
	2018	2017	1.1.2017
	S$'000	S$'000	S$'000
Loans and borrowings	4,527	4,778	5,638
Trade and other payables	729	8,432	6,813
Less: Cash and bank balances	(8,445)	(5,085)	(6,737)
Net (cash)/debt	(3,189)	8,125	5,714
Equity attributable to the equity holders of the Company	60,207	13,759	13,520
Capital and net debt	57,018	21,884	19,234
Gearing ratio	N.M.	37%	30%

N.M. - Not meaningful as the Group was in a net cash position.

34 Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

I. The distribution segment engages in the distribution of mobile communication devices and accessories for leading brands.

II. The retail telecommunication segment engages in the retail sale of mobile communication devices and accessories and provision of broadband and other related telecommunication services in Singapore. It operates a network of strategically located retail stores island-wide. This retail telecommunication segment comprises franchise of SingTel.

III. The retail consumer electronics segment engages in the retail sale of IT and related products in Singapore.

IV. The corporate segment is involved in Group-level corporate services, treasury functions and investments in associates and marketable securities. It also involves in strategic investment and joint venture opportunities in emerging Southeast Asia markets to synergise and complement the Group's existing offerings.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm length's basis in a manner similar to transactions with third parties.

34 Segment Information (cont'd)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations and discontinued operation by reportable segment:

	Segment revenue		Segment profit/(loss)	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Continuing operations				
Distribution	3,180	12,956	(204)	721
Retail Consumer Electronics	19,878	21,765	(560)	(228)
Corporate	-	-	(2,344)	(1,128)
	23,058	34,721	(3,108)	(635)
Share of profits of associates			455	245
Interest income			69	8
Finance costs			(197)	(242)
Profit before income tax			(2,781)	(624)
Discontinued operation				
Retail Telecommunication with Franchise (comprising SingTel)	20,928	45,866	2,754	1,703
Interest income			4	15
Finance costs			(32)	(106)
Profit before income tax *			2,726	1,612
	43,986	80,587	(55)	988

* Include the gain on disposal of discontinued operation (Note 12(b)).

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

Segment profit/(loss) represents the profit/(loss) earned by each segment prior to the allocation of share of profits of associates, other income and finance costs.

34 Segment Information (cont'd)

(b) Reconciliation

	Group 2018 S$'000	Group 2017 S$'000	Group 1.1.2017 S$'000
Segment assets			
Continuing operations			
Distribution	1,559	3,277	4,140
Retail Consumer Electronics	2,475	1,787	1,399
Corporate	60,949	10,227	9,661
Total segment assets	64,983	15,291	15,200
Unallocated: Investments in associates	1,182	721	482
	66,165	16,012	15,682
Discontinued operation			
Retail Telecommunication with Franchise (comprising SingTel)	-	12,143	11,230
Consolidated total assets	66,165	28,155	26,912
Segment liabilities			
Continuing operations			
Distribution	49	412	693
Retail Consumer Electronics	678	476	249
Corporate	394	419	575
Total segment liabilities	1,121	1,307	1,517
Unallocated: Loans and borrowings	4,527	4,778	5,638
	5,648	6,085	7,155
Discontinued operation			
Retail Telecommunication with Franchise (comprising SingTel)	-	7,664	5,728
Consolidated total liabilities	5,648	13,749	12,883

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investments in associates; and
- all liabilities are allocated to reportable segments other than loans and borrowings.

34 Segment Information (cont'd)

(c) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
Continuing operations				
Distribution	-	4	-	-
Retail Consumer Electronics	27	15	22	54
Corporate	425	511	16	24
	452	530	38	78
Discontinued operation				
Retail Telecommunication with Franchise (comprising SingTel)	155	254	30	290
	607	784	68	368

(d) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenues		Non-current assets		
	2018	2017	2018	2017	1.1.2017
	S$'000	S$'000	S$'000	S$'000	S$'000
Continuing operations					
Singapore	16,565	29,494	4,192	7,438	7,895
Hong Kong	4,272	-	-	-	-
Indonesia	217	1,793	46,184	-	-
Myanmar	-	29	-	-	-
Philippines	2,004	3,405	1,182	721	482
	23,058	34,721	51,558	8,159	8,377
Discontinued operation					
Singapore	20,928	45,866	-	457	430
	43,986	80,587	51,558	8,616	8,807

Non-current assets information presented above consist of property, plant and equipment, investment properties, investments in associates, other financial assets and intangible assets as presented in the consolidated statement of financial position.

34 Segment Information (cont'd)

(d) Geographical information (cont'd)

Information about major customers

Revenues from 3 major customers amount to S$8,554,000 (2017: S$21,501,000) arising from sales by the retail sales segment.

STATISTICS OF SHAREHOLDINGS

As of 13 March 2018

Issued and fully paid-up capital	:	$407,519,502
No. of shares issued	:	17,053,169,818 Ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company has no treasury shares as at 13 March 2019.
The Company has no subsidiary holdings as at 13 March 2019.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	**No. of Shareholders**	**%**	**No. of Shares**	**%**
1 - 99	302	2.81	4,161	0.00
100 – 1,000	6,873	63.99	2,180,878	0.01
1,001 - 10,000	872	8.12	3,111,465	0.02
10,001 - 1,000,000	2,485	23.13	485,861,297	2.85
1,000,001 and above	209	1.95	16,562,012,017	97.12
Total	10,741	100.00	17,053,169,818	100.00

TWENTY LARGEST SHAREHOLDERS

No.	**Name of Shareholder**	**No. of Shares**	**%**
1	Raffles Nominees (Pte) Ltd	9,288,612,783	54.47
2	DBSN Services Pte Ltd	6,172,686,769	36.20
3	Ong Kok Wah	70,000,000	0.41
4	Liu Kevin Yi Feng	60,000,000	0.35
5	DBS Nominees Pte Ltd	59,280,578	0.35
6	Citibank Nominees Singapore Pte Ltd	57,132,365	0.34
7	Low Woon Ming	53,600,000	0.31
8	Lee Jessie	41,308,170	0.24
9	CGS-CIMB Securities (S) Pte Ltd	29,673,115	0.17
10	Ang Chin San	28,431,000	0.17
11	United Overseas Bank Nominees Pte Ltd	28,156,785	0.17
12	OCBC Securities Private Limited	27,018,620	0.16
13	Phillip Securities Pte Ltd	24,626,605	0.15
14	OCBC Nominees Singapore Pte Ltd	22,711,900	0.13
15	Lim Kian Hong (Lim Jian Hong)	21,000,000	0.12
16	UOB Kay Hian Pte Ltd	20,975,800	0.12
17	Zeng Hang Cheng	20,868,500	0.12
18	Teo Ngee Hua	16,000,443	0.09
19	Lim Woei Ming Michael	15,000,000	0.09
20	Law Peng Kwee	13,972,000	0.08
	Total	**16,071,055,433**	**94.24**

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 13 March 2019.

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sugiono Wiyono Sugialam	326,003,652	1.91	(1)10,469,189,374	61.39	10,795,193,026	63.3
Tres Maria Capital Ltd	(2)3,867,140,015	22.68	(3) 4,065,786,837	23.84	7,932,926,852	46.52
PT SL Trio	2,536,262,522	14.87	-	-	2,536,262,522	14.87
(4) Standard Chartered Private Equity Limited	4,406,850,233	25.84	(3) 4,065,786,837	23.84	8,472,637,070	49.68
(5) Standard Chartered Asia Limited	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(6) Standard Chartered MB Holdings B.V.	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(7) Standard Chartered Holdings (International) B.V.	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(8) SCMB Overseas Limited	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(9) Standard Chartered Bank	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(10) Standard Chartered Holdings Limited	-	-	8,472,637,070	49.68	8,472,637,070	49.68
(10) Standard Chartered PLC	-	-	8,472,637,070	49.68	8,472,637,070	49.68

Notes:

(1) This represents Mr. Sugiono Wiyono Sugialam's deemed interest of :-

(a) 7,932,926,852 shares held by Tres Maria Capital Ltd. by virtue of his 100% shareholdings in Tres Maria Capital Ltd; and .
(b) 2,536,262,522 shares held by PT SL Trio by virtue of his majority shareholdings in PT SL Trio.

(2) This represents Tres Maria Capital Ltd's direct interest of 3,867,140,015 shares held in the name of the following:-

(a) 556,719,420 shares are registered in the name of Raffles Nominees Pte. Ltd.
(b) 1,025,000,000 shares are registered in the name of DBSN Service Pte. Ltd.
(c) 2,285,420,595 shares are registered in the name of UOB Kay Hian Nominees Pte. Ltd.

(3) On 6 August 2014, Tres Maria Capital Ltd and Standard Chartered Private Equity Limited entered into a security agreement over shares ("the Deed"), whereby, inter alia, Tres Maria Capital Ltd has agreed to charge in favour of Standard Chartered Private Equity Limited by way of first mortgage, 4,236,318,535 shares in the capital of Polaris Ltd.

On 15 October 2014, pursuant to the provisions of the Deed, a notice of the mortgage and assignment has been issued by the relevant parties for the purposes of creating the charge over the shares.

On 27 May 2015, Tres Maria Capital Ltd and Standard Chartered Private Equity Limited entered into a Deed of Partial Release, pursuant to which, inter alia, Standard Chartered Private Equity Limited agreed to release its security over, and reassign, 170,531,698 Shares ("Released Shares"), and Tres Maria Capital Ltd agreed to transfer the Released Shares to Standard Chartered Private Equity Limited immediately following the release and reassignment.

(4) Standard Chartered Private Equity Limited is a wholly owned subsidiary of Standard Chartered Asia Limited.

(5) Standard Chartered Asia Limited is a 99.9% owned subsidiary of Standard Chartered MB Holdings B.V.

(6) Standard Chartered MB Holdings B.V. is a wholly owned subsidiary of Standard Chartered Holdings (International) B.V.

(7) Standard Chartered Holdings (International) B.V. is a wholly owned subsidiary of SCMB Overseas Limited

(8) SCMB Overseas Limited is a wholly owned subsidiary of Standard Chartered Bank

(9) Standard Chartered Bank is a wholly owned subsidiary of Standard Chartered Holdings Limited

(10) Standard Chartered Holdings Limited is a wholly owned subsidiary of Standard Chartered PLC.

FREE FLOAT

As at 13 March 2019, approximately 10.45% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual, Section B, Rules of Catalist of the Singapore Exchange Securities Trading Limited that an issuer must ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed is at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Polaris Ltd. will be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road Singapore 769162 on the 26th day of April 2019 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

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

2. To re-elect Mr Ong Soon Hwee, Gary who is retiring pursuant to Article 93 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Notes] **Resolution 2**

3. To re-elect Mr Soennerstedt Carl Johan Pontus who is retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Notes] **Resolution 3**

4. To re-appoint Moore Stephens LLP as the Auditors of the Company until the conclusion of the Company's next Annual General Meeting and authorise the Directors of the Company to fix their remuneration. **Resolution 4**

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

AS SPECIAL BUSINESS

6. To approve Directors' fees of S$67,917 for the financial year ended 31 December 2018 (2017: S$60,000). **Resolution 5**

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

7. **Authority to allot and issue shares**

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Act**") and Rule 806 of Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company **("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 may in their absolute discretion deem fit;

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

provided that:

(i) the aggregate number of Shares to be issued pursuant to this Ordinary Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution] does not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary

Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued share capital shall be based on the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings at the time of passing of this Ordinary Resolution, after adjusting for:

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

(2) new Shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time which are outstanding or subsisting at the time of passing of this Ordinary Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares:

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

(iv) unless revoked or varied by the Company at general meeting, the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

(c) the Directors be and are hereby authorised to do any and all acts which they deem necessary and expedient in connection with paragraphs (a) and (b) above.

Resolution 6

BY ORDER OF THE BOARD

SOENNERSTEDT CARL JOHAN PONTUS
Executive Director & CEO

11 April 2019
Singapore

Explanatory Notes

On Ordinary Business

In relation to item 2, Mr Ong Soon Hwee, Gary, upon re-election as a Director of the Company, will remain as Executive Director of the Company.

There are no relationships (including immediate family relationships) between Mr Ong Soon Hwee, Gary and the other Directors, the Company or the 5% shareholder of the Company. Mr Ong does not hold any directorship in other listed company.

In relation to item 3, Mr Soennerstedt Carl Johan Pontus, upon re-elected, will remain as Executive Director and CEO of the Company.

There are no relationships (including immediate family relationships) between Mr Soennerstedt Carl Johan Pontus and the other Directors, the Company or the 5% shareholder of the Company. Mr Pontus does not hold any directorship in other listed company.

On Special Business

Statement Pursuant to Article 57(3) of the Company's Constitution

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting are:-

(i) The Ordinary Resolution 5 proposed in item 6 above is to approve the payment of Directors' fees for the financial year ended 31 December 2018.

(ii) The Ordinary Resolution 6 proposed in item 7 above is to allow the Directors of the Company from the date of that meeting until the next Annual General Meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

Notes:

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

ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member entitled to attend, speak and vote at this meeting is entitled to appoint not more than two proxies to attend, speak and vote in his stead.

iii. Where a member appoints more than one (1) proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole or number of shares) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iv. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to a different share held by the member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

v. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

vi. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (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.

vii. The instrument appointing a proxy must be deposited at the registered office of the Company at 81 Ubi Avenue 4, #03-11 UB.One, Singapore 408830 not less than seventy-two (72) hours before the time for holding the Annual General Meeting.

Personal data privacy:

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

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Yap Wai Ming:
Tel: 6389 3000
Email: waiming.yap@morganlewis.com

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IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF and/or SRS monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF and/or SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

Polaris Ltd.
Company Registration No. 198404341D
(Incorporated in the Republic of Singapore)

I/We*_________________ *(Name)* NRIC/Passport*No. ______________________________

of _________________ *(Address)*

being a member/members* of Polaris Ltd. (the "**Company**"), hereby appoint:-

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be Represented by Proxy**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings to be Represented by Proxy**	
		No. of Shares	**%**
Address			

or failing him/her/them*, the Chairman of the Meeting as my/our proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road Singapore 769162 on the 26th day of April 2019 at 2.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

(Voting will be conducted by poll. Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' Statement and Auditors' Report thereon		
2.	Re-election of Mr. Ong Soon Hwee, Gary, as a Director pursuant to Article 93 of the Company's Constitution		
3.	Re-election of Mr. Soennerstedt Carl Johan Pontus as a Director pursuant to Article 86 of the Company's Constitution		
4.	Re-appointment of Moore Stephens LLP as Auditors of the Company		
Special Business			
5.	Approval of Directors' Fees of S$67,917 for the financial year ended 31 December 2018		
6.	Authority to allot and issue shares		

**Please delete accordingly.*

Dated this .... day of.. 2019.

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

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

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") a member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole or number of shares) to be represented by each proxy and if no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), 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 is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified thereof, shall be deposited at the registered office of the Company at 81 Ubi Avenue 4, #03-11 UB.One, Singapore 408830 not less than seventy-two (72) hours before the time appointed for the Meeting.

8. Please indicate with a tick [✓] in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstai n as he/she/they may think fit, as he/she/they will on any other matter arising at the Meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

10. 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 Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. 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 vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General M eeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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, us e 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 t hat 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.

POLARIS LTD.
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