SMJ INTERNATIONAL HOLDINGS LTD.

ANNUAL
REPORT
2017

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

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

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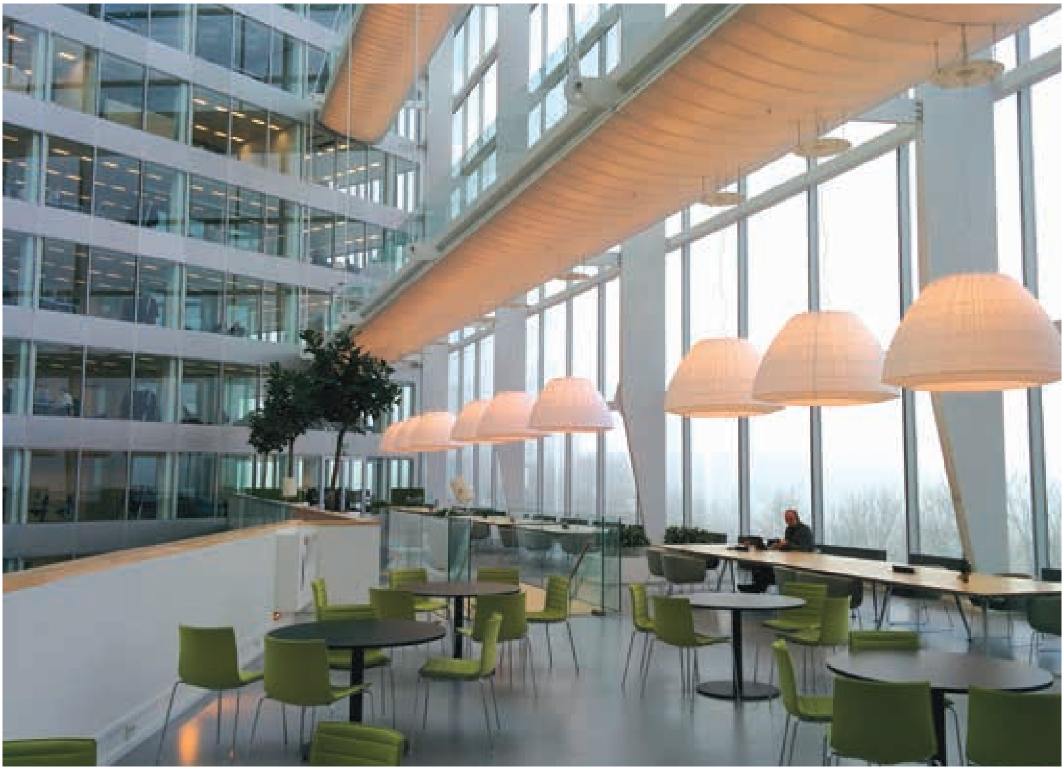
CORPORATE PROFILE



SMJ International Holdings Ltd. ("SMJ International") started out as distributor for carpets marketed under its "SMJ" brand through its global distribution network in Singapore and over 20 countries, mainly in Asia.

In 2016, SMJ International embarked on a strategic shift to diversify its business into the Property Related Management Business as part of the Group's expansion plan.

In 2017, SMJ International has secured agreements to provide project management consultancy services for overall planning including design and construction of buildings and other infrastructure of resorts located in People's Republic of China.

In line with the Group's overall consolidation and repositioning effort to focus on the tourism and hospitality industry, SMJ International successfully disposed its carpet business.

Looking ahead, the Group will focus its resources to drive long-term sustainable growth on the following 2 areas:

i) Maximize project management consultancy service. The Group is dedicated to the design and construction of hotel and resort. The Group provides a comprehensive range of programs and services for both existing property refurbishments and new hotel projects:

- Project Inception & Vendor Selection
- Architectural & Interior Design
- Engineering Consulting
- Development Management
- Furniture, Fixture and Equipment Solutions
- Project Close-Out & Transfer to Operations

We will continue to grow and run our project management consultancy business to the best of our ability while generating profits to fuel our growth.

ii) Integrate New Growth Platforms: We are identifying new opportunities and areas to invest that provide additional paths for growth (including wellness and provision of other related and ancillary services in connection with the tourism and hospitality industry).

The Group with a team of professional provide hotel investor with professional "one-stop" full range of hotel services.

We seek to create long-term value for our shareholders and remain committed to exploring new business opportunities for synergistic growth.

CEO'S STATEMENT

Dear Shareholders,

FY2017 was a pivotal year for the Group. We went ahead with several bold decisions, including discontinuing the entire carpet division, re-designating crucial members of the Board, and concentrating our resources for our new business scopes.

FY2017 REVIEW AND BUSINESS SHIFTS

Under the Board's leadership, the Group's core business was redefined and reorganised in preparation for structural reform. Following the review of the financial performance of the Carpet Division that is expected to remain subdued, it was decided to exit our old core business in Carpet Furnishing and accelerate our new business scopes.

The carpet industry in Singapore has become increasingly difficult and challenging. This is mainly due to market weaknesses and competitive pricing pressures in the regional countries. Thus, it has to be disposed of or discontinued for us to fully focus on our new business forays.

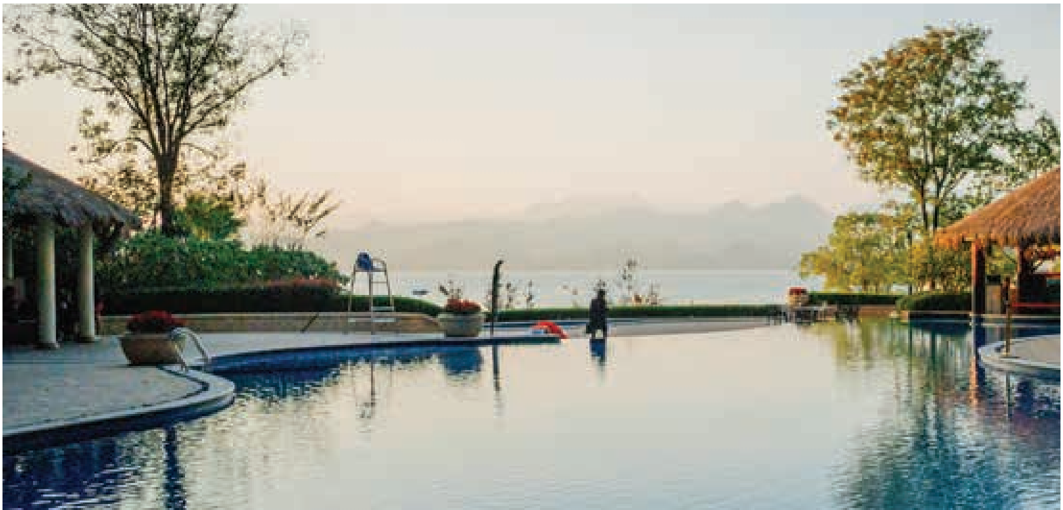
In view of this strategic decision, the Group obtained approval from Shareholders for the disposal of the entire core carpet furnishing business on 26 December 2017, to fully focus its resources and attention on developing the Group's Property Related Management Business and the new business scopes.

The Group's new business scopes are aim to provide customers (hotel/resort investor) with professional "one-stop" full range of hotel services from project management consultancy services to provision of related and ancillary services in connection with the leisure and cultural tourism industry, which is an emerging sunrise industry in China.

GLOBAL OPPORTUNITIES

Currently we will focus on China market. According to statistics from China National Tourism Administrator, the domestic tourism market is growing rapidly and exponentially. In 2017, the number of domestic tourists was 5.01 billion, an increase of 12.8% over the same period of last year.

As the hotel or resort is an indispensable part of the leisure and cultural tourism industry, this provides a good opportunity for the development of our business in this industry. The projects of our customers are mainly located in the famous scenic regions in China, where millions of tourist visit every year.



According to Lodging Econometrics (LE) China's Hotel Construction Pipeline Trend Report, the Total Pipeline has 2,471 Projects/548,628 Rooms, up 6% by project Year-Over-Year (YOY).

The Group has identified this as a great opportunity to provide project management consultancy services for hotels or resorts, including but not limited to overall planning, including design and construction of buildings and other infrastructure. With the involvement of consultancy companies for the systematic planning and effective coordination and monitoring, the entire construction process will be more efficient and effective.

In light of this, the Group will continue to focus and grow this project management consultancy services business division.

The Group is also exploring new opportunities and areas to invest that provide additional paths to growth including wellness and provision of other related and ancillary services in connection with the tourism and hospitality industry.

NEW MARKETS AND ACHIEVEMENTS

While the discontinued operations – carpet division recorded a loss of S$0.2 million in FY2017 compared to a loss of S$40,000 in FY2016, our new consultancy business has recorded S$1.1 million in FY2017 by providing project management consultancy services to resorts located in China.

The consultancy services division which is a new business division for the Group recorded a profit of S$0.6 million which was offset by the Holding Corporation's expenses and other investing activities of a loss of S$0.3 million.

In terms of favourable markets, Cultural Tourism is one of the largest and fastest-growing global tourism markets especially in China. Our consultancy services division performed better than the carpet division mainly due to the booming of the Cultural Tourism market in China.

In 2017, the number of inbound tourists reached 139.48 million, an increase of 0.8% over the previous year, of which 29.17 million were foreigners, an increase of 3.6%.

The China government is placing emphasis on developing and managing tourism in a sustainable manner. The Chinese Government has launched a new tourism policy 2013-2020, with the aim of significantly enhancing tourism development in the country and establishing China's tourism industry as a significant economic force in China's domestic and international tourism markets.

CEO'S STATEMENT

In view of this, we are optimistic about the development of leisure and cultural tourism market in China.

In addition, interest from Chinese investors has also became more favourable for the hospitality industry in China.

As such, the Group strongly believes that we have substantial opportunities in the decades ahead to gain share in this market and over time, add new, relevant products. This bold move will help to drive organic growth for the Group for years to come.

STRATEGICALLY POSITIONED FOR THE FUTURE

Although the Group is still new in the consultancy services market, our teams are built from experienced consultants. I am pleased to announce that the Group has secured agreements to provide, inter alia, project management consultancy services for overall planning (including interior design and fitting-out of furniture, fixture and equipment, operating supplies and equipment, and monitoring and evaluation equipment) and construction of buildings and other infrastructure (including indoor and outdoor layout and landscaping) for resorts located in China.

One of our noteworthy achievements in FY2017 was the successful completion of a management consultancy project we have done for Huangshan Lilang Holiday Resort in China within the timeline. The resort is currently in operation. Based on positive reviews, we believe we would be able to attract more attention from the market in time to come.

BUSINESS OUTLOOK

As we move into 2018, the Group will continue to maintain and expand its existing consultancy services business, hire more employees as well as identify suitable targets to invest or acquire and, actively explore the future development tendency of leisure and cultural tourism market.

The Group received net proceeds of approximately S$13.7 million from the disposal of the entire 100% equity interest in SMJ Furnishings (S) Pte Ltd and intends to deploy the net proceeds to fund potential acquisitions and/or investments in assets, investments and shares or interest in entities engaged in the Property Related Management Business and/or the new business scope.

In line with the Property Related Management Business, the Group does not plan to restrict the new business scope to any specific geographical market as each project will be evaluated and assessed by the Board on its merits.

Besides growing organically, we will also continue to actively seek new business opportunities in potential acquisitions, joint ventures and/or strategic alliances within our core businesses to expand the business of the Group and enhance our shareholders' value.

These are significant opportunities we can undertake to gain a foothold in the industry. I have never been more excited about the opportunities ahead.

CHANGES ACROSS THE BOARD

During the year, Ho D'Orville Raymond informed the board of his intention to step down as non-executive chairman and left the Board in July 2017 to pursue his personal interests. Mr. Ho has made many considerable contributions to our business across a wide range of areas as chairman of the Board and the Audit Committee, as well as being a member of the Remuneration and Nominating committees. On behalf of the Board, I would like to thank Mr. Ho for his immense contribution to SMJ and wish him well in his future endeavours.

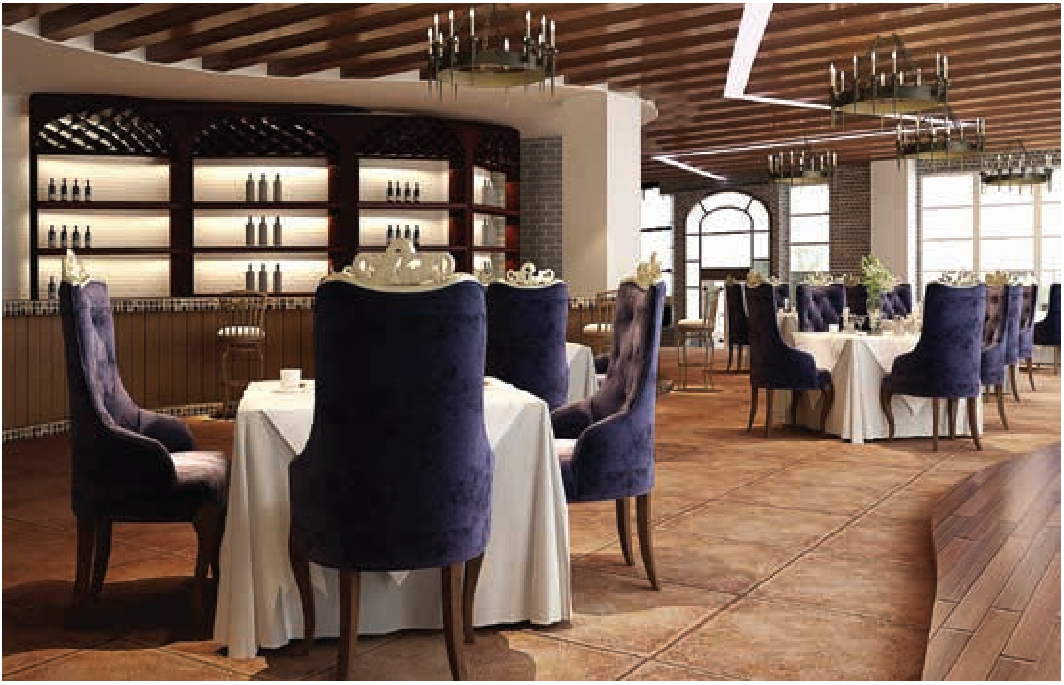
Following the period end, the Board also announced that Ms Lee Lay Choo has resigned as Executive Director and Chief Operating Officer of the Company. I would like to thank Ms Lee for her important role in our success over recent years.

IN APPRECIATION

I would like to take this opportunity to thank our Board for their contribution to our company. The year has seen an enormous amount of positive change for our businesses, which our management and staff have delivered brilliantly and for which they deserve a huge amount of thanks and credit. I am also grateful for the enormous support from our clients, suppliers and business associates who have come alongside us despite these challenging times. Last but not least, I would like to thank the shareholders for their continued faith in us as we remain focused on the longer term growth and international expansion vision of the Group.

Peng Fei
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS



CHOW WEN KWAN MARCUS

Chow Wen Kwan Marcus is our Independent Non-Executive Chairman and was appointed to our Board on 3 June 2014. He is also the Chairman of our Nominating Committee. He is currently a partner of Bird & Bird ATMD LLP in Singapore. Mr Chow has more than 15 years of experience in legal practice and his practice focuses on mergers and acquisitions, private equity as well as equity and debt capital markets. He had worked in various international law firms in New York, Hong Kong and Singapore. Mr Chow graduated with a Bachelor of Laws from the National University of Singapore in 1998 and a Master of Laws from the University of Virginia in 1999. He also holds a certificate in Governance as Leadership from the Harvard Kennedy School. Mr Chow is qualified to practice in Singapore and New York, USA.

PENG FEI

Peng Fei is the Executive Director and Chief Executive Officer ("CEO") of our Group. He was appointed to our Board on 3 October 2016.

Mr Peng's role as CEO of the Group will be to drive its strategic direction, as well as manage the Group's corporate finance investments and overseas expansion with a focus on the Group's business operations in the People's Republic of China ('PRC').

Mr Peng served as Executive Director of Forise International Limited since August 2015 and was redesignated as Non-Executive Director on December 2017, where he is responsible for executing the strategic directions set by the Board. Mr Peng has over 20 years of experience in investment management, corporate and financial restructuring advisory, and strategic planning, with strong knowledge relating to capital markets in the PRC, Hong Kong, Singapore and the United Kingdom. Mr Peng's past experience includes being the President of Reignwood International Investment Ltd, where he was responsible for managing the group's overall investment portfolio activities, as well as Vice President of Chinalco Overseas Holdings Ltd where he was overseeing the company's major overseas investments.

Mr Peng holds an MSc in Finance and Investment with Distinction from Durham University, UK.

BOARD OF DIRECTORS

LEO PENG WEILE

Leo Peng Weile is the Executive Director of our Group. He was appointed to our Board on 3 October 2016 and is responsible for spearheading the Group's property management business.

He has over sixteen years of experience in investment banking, direct investment, asset management, corporate advisory, financial restructuring advisory, and strategic planning, and has strong knowledge relating to the capital markets in China, Hong Kong, Singapore and Australia. He has served as the Executive Director of Forise International Limited since October 2015 and has been appointed by several companies as their external financial advisor, to provide strategic planning, financial structuring, listing and fund raising services during the past few years. He has been involved in a number of successful listings, pursuant to which he has successfully assisted various Chinese companies in their listing on the stock exchanges in Singapore, Hong Kong and Australia, and has a very good network and in-depth knowledge of capital markets, both on-shore and off-shore. He was previously with Deutsche Morgan Grenfell Securities Ltd and HL Bank Singapore, in which he assisted companies in their fund raising from the equity capital markets in Singapore.

Mr Peng holds a Masters degree in Finance from the National University of Ireland, Dublin; and a Diploma in Wealth Management from Wealth Management Institute of Singapore.

NG TIANG HWA

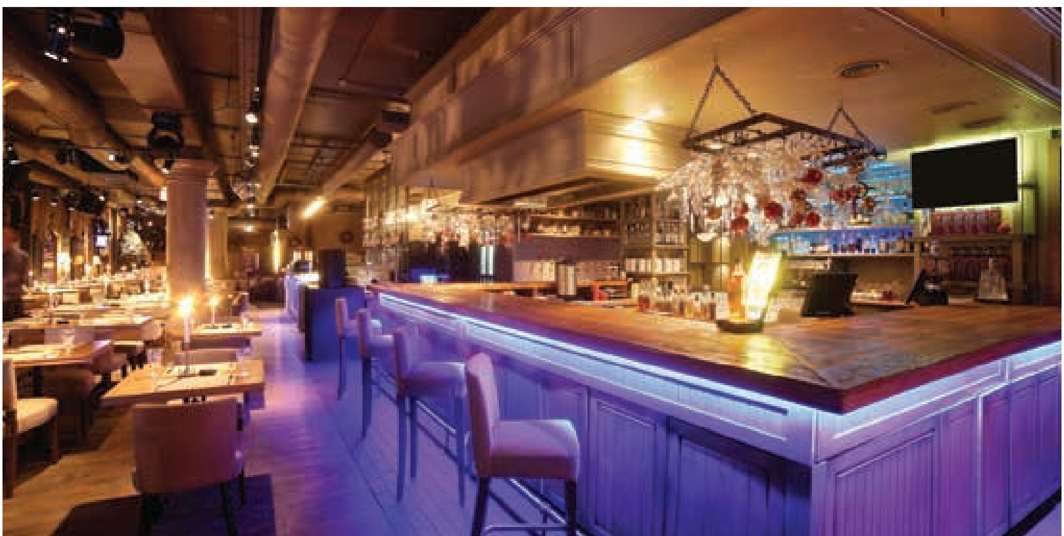
Ng Tiang Hwa is our Independent Director and was appointed to our Board on 3 June 2014. He is also the Chairman of our Audit Committee.

Mr Ng is currently the director of Eastern Growth International Holdings Pte. Ltd., a trading and investment services company which he founded jointly with his partners in 2004. He is also the executive director of TPK & Co. Pte. Ltd., an investment company and the director of Pawsibility Pte. Ltd., an animal assisted therapy counselling company.

Mr Ng was the Chief Financial Officer of Qualitek Singapore Pte Ltd and was responsible for financial management and corporate affairs from 2003 to 2004.

Between 2001 and 2002, he was the head of finance department in Singapore Land Authority where he was in charge of accounting, treasury tax and budgets. From 2000 to 2001, he was the financial controller of Image Transforms Pte Ltd and was responsible for financial management and corporate affairs. Between 1992 and 1999, he was the senior manager in The Polyolefin Company (Singapore) Pte. Ltd. where he was in charge of accounting, manufacturing costing, corporate finance, banking and treasury, taxation and audit.

Mr Ng is a member of the Institute of Singapore Chartered Accountants, a fellow member of the Chartered Institute of Management Accountants, United Kingdom and a member of the Singapore Institute of Directors. He graduated from the University of Singapore with a Bachelor's degree in Accountancy in 1976.



CHONG SOO HOON SEAN

Chong Soo Hoon Sean is our Independent Director and was appointed to our Board on 12 July 2017. He is also the Chairman of Remuneration Committee.

Mr Chong is currently the managing director of Anda Capital Solutions Private Limited, a business advisory and investment firm. He has more than 15 years of experience in investment banking, corporate advisory and direct investment. In particular, he was actively involved in a broad range of corporate finance transactions for listed and private entities throughout the Asia-Pacific region, including initial public offers, mergers and acquisitions, rights issues and other corporate advisory work.

Mr Chong graduated with a Bachelor's (Honours) degree in Accounting and Financial Studies from University of Exeter, United Kingdom. He is currently an Independent Non-Executive Director of China Yuanbang Property Holdings Ltd and several private companies in Singapore.

HO WAN JING NELLIE

Ho Wan Jing Nellie is the Non-Executive Director of our Group. She was appointed to our Board on 8 April 2014.

Ms Ho has been the Executive Director and Deputy CEO of our Group and her primary role is to formulate the viable expansion plans and business development for overseas markets. Ms Ho is responsible for export sales and marketing function and monitoring the implementation of all expansion plans and policies for overseas markets. She has since stepped down from the position on 31 December 2017 and is now the Executor Director (Regional Sales) of SMJ Furnishings (S) Pte Ltd.

Ms Ho joined our Group in 1999 starting as an administrative assistant, export sales co-ordinator, becoming an Executive Director in 2002 and subsequently Deputy CEO in 2014. Her experience in handling overseas customers and distributorships led to the continuous growth of our Distribution Sales department.

Ms Ho has been admitted as a Certified Accounting Technician of the Association of Chartered Certified Accountants in 2001.

HO PEI YUEN RENA

Ho Pei Yuen Rena is the Non-Executive Director of our Group. She was appointed to our Board on 8 April 2014.

Ms Ho has been the Executive Director and Chief Executive Officer ("CEO") of our Group and was responsible for the formulation of our Group's strategic directions, expansion plans and managing our Group's overall business development. She has since stepped down from the position on 31 December 2017 and is now the Managing Director of SMJ Furnishings (S) Pte Ltd.

Ms Ho joined our Group in 1997 and rose through the ranks from administrative assistant, local sales co-ordinator, becoming an Executive Director in 2002 and subsequently CEO in 2014. During her time with our Group, she gained experience on various products in carpet industry and spearheaded the growth of our local sales and marketing department with effective sales strategies and techniques.

Ms Ho graduated from Nanyang Technological University with a Bachelor's degree in Business (Honours) in 1997.

KEY MANAGEMENT

NG HUI HSIEN

Ng Hui Hsien joined our Group as Financial Controller in September 2015 to oversee the Group's financial functions as well as human resource and information technology matters. Ms Ng has about ten years of experience in the audit profession. Prior to this position, she served as an Audit Manager in Nexia TS Public Accounting Corporation where she gained extensive experience in the field of business assurance involving various public-listed companies and small and medium enterprises in a wide range of industries. She was also involved in listing work as a Reporting Accountant of Initial Public Offering with Singapore Stock Exchange.

Ms Ng is a fellow with the Association of Chartered Certified Accountants, and a member of the Institute of Singapore Chartered Accountants.

RENEE GAO

Renee Gao joined our Group as Senior Business Development Manager in June 2017 and is responsible for business development and marketing.

Before joining us, she worked as Senior Project Development Manager in Oceanwide Hotel Management Co., Ltd from 2014 to 2015. She was the Executive Manager in Redstar Macalline Real Estate Co., Ltd from 2013 to 2014. She started her career in hospitality industry as secretary to Deputy General Manager in Pullman Beijing West Wanda from 2008 to 2013. She has an in-depth understanding and experience in hotel management and operations.

KENNY GAO

Kenny Gao joined our Group in June 2017 as Product Research and Development Manager. He is responsible for product development and market positioning for the hotels or resorts, including setting construction standards guideline, providing pre-construction services, coordinating and supervising the design agencies to ensure the architectural and interior design are suitable for the market positioning of the hotels or resorts.

Mr Kenny has extensive experience in the architectural and interior design industry. He was the Design Manager from 2007 to 2011 in Beijing Honggao Architectural Design Institute. From 2011 to 2016, he was the Project Manager at Haskoll Architectural Design Consultancy Co.,Ltd.

He was originally Art majors with a concentration in painting and further studied environmental art design at The Central Academy of Fine Arts.

RAN SHAO SHERRY

Ran Shao Sherry joined our Group as Interior Decoration Manager in June 2017. She lead the team to complete the project, design and report design, review the construction drawings, observe on-site construction process and solve the overall design service of the project, control progress and quality of the project.

Ms Sherry has about thirteen years of experience as an interior designer. Prior to this position, she served as an Interior Design Manager in HASSELL Beijing Architectural Design Consultancy Co.,Ltd from 2011 to 2016,where she did a lot of planning and designing for five-star hotels. Her system design course at Beijing Union University has laid a good foundation for her work these years.

FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS	FY2017	FY2016	Change	
	$'000	$'000	$'000	%
Revenue	**1,118**	–	**1,118**	**NM**
Employee compensation	**(341)**	**(4)**	**(337)**	**NM**
Other operating expenses	**(520)**	**(399)**	**(121)**	**30.3**
Profit/(loss) after tax from continuing operations	**303**	**(378)**	**681**	**-180.2**
Loss after tax from discontinued operations	**(215)**	**(40)**	**(175)**	**437.5**
Net profit/(loss)	**88**	**(418)**	**506**	**-121.1**

FINANCIAL POSITION	31 Dec 2017	31 Dec 2016	Change	
	$'000	$'000	$'000	%
Non-current assets	1	4,177	(4,176)	-100.0
Current assets	16,809	16,161	648	4.0
Total Assets	**16,810**	**20,338**	**(3,528)**	**-17.3**
Current liabilities	397	3,959	(3,562)	-90.0
Non-current liabilities	–	1	(1)	-100.0
Total Liabilities	**397**	**3,960**	**(3,563)**	**-90.0**
Net Assets	**16,413**	**16,378**	**35**	**0.2**
Share capital	6,365	6,365	–	0.0
Currency translation reserve	(53)	–	(53)	NM
Retained earnings	10,101	10,013	88	0.9
Total Equity	**16,413**	**16,378**	**35**	**0.2**

CASH FLOW SUMMARY	FY2017	FY2016	Change	
	$'000	$'000	$'000	%
Net profit/(loss)	**88**	**(418)**	**506**	**-121.1**
Net cash provided by operating activities	**466**	**838**	**(372)**	**-44.4**
Net cash used in investing activities	**(1,668)**	**(1,135)**	**(533)**	**47.0**
Net cash provided by/(used in) financing activities	**516**	**(1,269)**	**1,785**	**-140.7**
Net decrease in cash and cash equivalents	**(686)**	**(1,566)**	**880**	**-56.2**
Cash and cash equivalents at the end of the financial year	**1,606**	**2,292**	**(686)**	**-29.9**

NM – not meaningful

OPERATING AND FINANCIAL REVIEW

The operating environment in the Singapore carpet industry continues to be challenging as the demand for carpet is expected to remain weak amidst uncertainties in the economic environment and a dearth of activities in the private residential and commercial sectors. The Group also anticipates that the export market conditions will remain competitive in most of its key markets due to the market weakness and competitive pricing pressures in the regional countries. In addition, management also anticipates that the explosive growth of e-commerce will have a negative impact on the carpet business. The pace of consumption growth has failed to match the rapid expansion of online platforms and led to price wars between e-commerce companies. This has further affected the carpet business. Following the review of the financial performance of SMJ Furnishings (S) Pte Ltd ("SMJ Furnishing") and the current business climate for the Carpet Division that is expected to remain subdued, it had to be disposed of or discontinued.

The Company had obtained shareholders' approval on 26 December 2017 for the disposal of the entire 100% equity interest in SMJ Furnishings (S) Pte Ltd ("SMJ Furnishings") for the core carpet furnishing business to fully focus its resources and attention on developing the new business scope including but not limited to the provision of management and consultancy services in the tourism and hospitality industry, including hotels, resorts and other facilities.

As announced on 7 February 2018, the risk and rewards associated with the Sale Shares and control over SMJ Furnishings shall be transferred with effect from 31 December 2017. The Company has presented separately the financial result of SMJ Furnishings in the consolidated income statement as discontinued operations as at 31 December 2017.

Revenue from continuing operations

Following the diversification of business to include the Property Related Management Business, the Group has expanded its new business division in providing the consultancy services to hotel or resorts through it's wholly-owned indirect subsidiary corporation, Beijing Zhuoyue Tiancheng Business Management Co. Ltd ("Zhuoyue Tiancheng"), incorporated in January 2017. The new consultancy business has recorded S$1.1 million in FY2017 by securing agreements to provide consultancy services for resorts located in People's Republic of China.

Other income from continuing operations

The Group's interest income relates to the interest earned from the fixed deposit placed with a financial institution.

Other gains and losses from continuing operations

The foreign currency exchange translation gains result from the fluctuations of the other currencies against the Singapore dollar.

The Group recorded a gain on disposal of a subsidiary corporation of S$0.2 million for FY2017.

Employee compensation from continuing operations

The employee compensation increased significantly from S$4,000 to S$0.3 million due to increased headcount for Zhuoyue Tiancheng, incorporated in January 2017.

Other operating expense from continuing operations

The increase in other operating expenses of approximately S$0.1 million or 30.3% was mainly due to the following:

(i) Professional fees incurred for the disposal of the subsidiary corporation, SMJ Furnishings of S$97,000; and
(ii) General expenses of S$16,000 for service charge on registered address for Zhuoyue Tiancheng of S$10,000 and other miscellaneous expenses.

Income tax expense from continuing operations

The increase in the income tax expense was in line with the increase in the profit before income tax in FY2017.

Profit after tax from continuing operations

Profit/(loss) after tax increased by approximately S$0.7 million or 180.2% in FY2017 as compared to FY2016 mainly due to increase in revenue.

Loss from discontinued operations

The discontinued operations refer to subsidiary corporation, SMJ Furnishings, engaged in carpet furnishings business.

The loss from discontinued operations increased from S$40,000 in FY2016 to S$0.2 million in FY2017 mainly due to increase in exchange loss resulting from foreign currency translation, rising cost of employees and other business costs.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets increased by approximately S$0.6 million or 4.0% mainly due to the increase in trade and other receivables of S$9.8 million which was offset with the decrease in cash and bank balances and inventories of S$4.6 million each.

The increase in trade and other receivables was mainly due to the receivables of sales proceeds from the disposal of SMJ Furnishings of S$13.8 million, offset by the trade and other receivables of SMJ Furnishings which have been disposed of. The Group had S$nil inventories as at 31 December 2017 as it ceased to hold any carpet furnishings inventory following the disposal of SMJ Furnishings.

Non-current assets

The Group's non-current assets decreased significantly from S$4.2 million to S$1,000 mainly due to disposal of SMJ Furnishings.

OPERATING AND FINANCIAL REVIEW

Current liabilities

The decrease in current liabilities of approximately S$3.6 million or 90.0% was due to reduction in trade and other payables and borrowings (trust receipts) of approximately S$1.7 million and S$2.0 million respectively. The reductions were due to disposal of SMJ Furnishings.

Working capital

The Group had a positive working capital of S$16.4 million as at 31 December 2017 as compared to S$12.2 million as at 31 December 2016.

Shareholders' equity

The Group's shareholders' equity increased by approximately S$35,000 or 0.2% due to total comprehensive income of S$35,000 for the year.

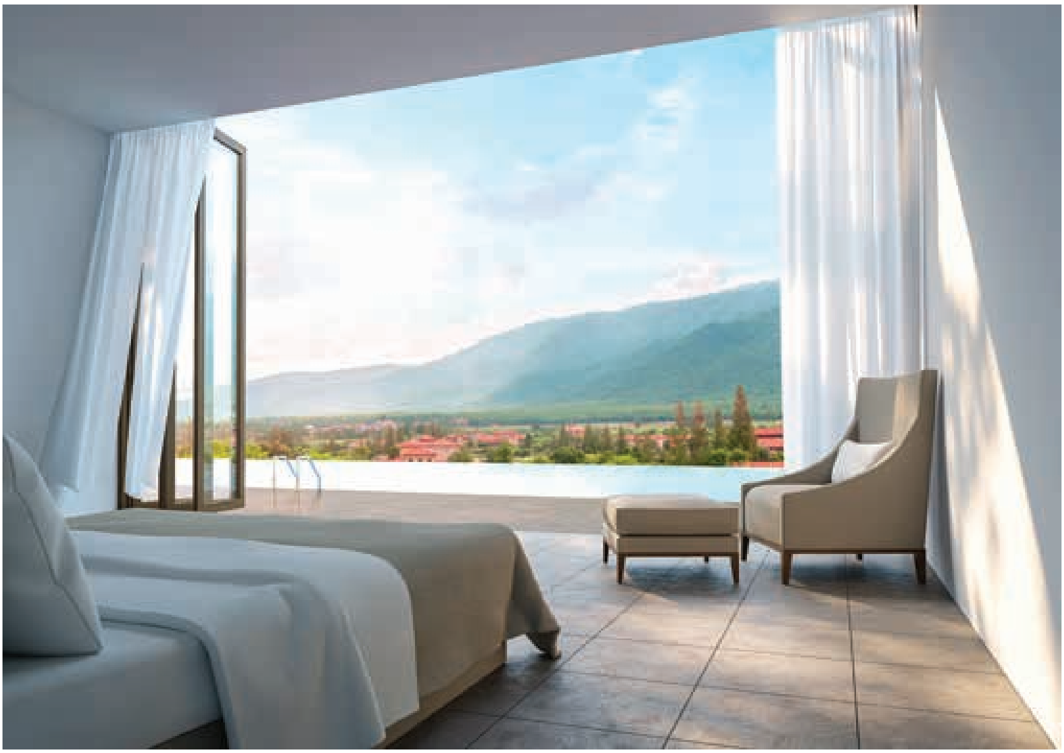
REVIEW OF CASH POSITION

Net cash provided by operating activities of the Group amounted to S$0.5 million for FY2017 as compared to S$0.8 million in FY2016 representing a decrease of S$0.3 million. In FY2017, the cash flow provided by operating activities of S$0.5 million was mainly contributed by the increase in trade and other payables of S$1.6 million which was offset by the decrease in trade and other receivables of S$1.6 million. As explained earlier, the fluctuations in trade and receivables, and trade and other payables were mainly due to the disposal of SMJ Furnishings.

Net cash used in investing activities were mainly due to the disposal of SMJ Furnishings.

Net cash provided by financing activities of approximately S$0.5 million was mainly due to the realisation of S$0.3 million of fixed deposit with maturity of more than three months to cash equivalents.

Overall, the Group recorded a net cash decrease of approximately S$0.7 million as compared to the net cash decrease of approximately S$1.6 million in FY2016.



CORPORATE GOVERNANCE **REPORT**

The Board of Directors (the "**Board**" or "**Directors**") of SMJ International Holdings Ltd. (the "**Company**") is committed to ensuring a high standard of corporate governance within the Company and its subsidiary corporations (the "**Group**"), as a fundamental part of its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This report describes the Group's corporate governance practices and structures that were in place during the financial year ended 31 December 2017 ("**FY2017**"), with specific reference to the principles and guidelines of the Code of Corporate Governance (the "**Code**") issued by the Monetary Authority of Singapore on 2 May 2012.

The Board confirms that the Group had generally adhered to all principles and guidelines set out in the Code which is divided into four main sections as described below:

A) Board Matters
B) Remuneration Matters
C) Accountability and Audit
D) Shareholders' Rights and Responsibilities

A) BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board's primary role is to protect and enhance shareholders' value.

The responsibilities of the Board include:

- Providing entrepreneurial leadership, set strategic direction and ensuring the overall corporate policies of the Group meet its objectives;

- Ensuring adequate risk management processes;

- Ensuring adequacy of internal controls and periodic reviews of the Group's financial performance and compliance; and

- Monitoring the Board composition, processes and performance.

CORPORATE GOVERNANCE **REPORT**

Matters which specifically require the Board's decision or approval are those involving:

- Corporate strategy and business plans;
- Investment and divestment proposals;
- Funding decisions of the Group;
- Nominations of directors for appointment to the Board and appointment of key personnel;
- Announcement of half-year and full-year results, the annual report and financial statements;
- Material acquisitions and disposal of assets;
- Corporate or financial restructuring;
- Share issuance;
- Dividends and other returns to shareholders;
- Directors' remuneration; and
- All matters of strategic importance.

The Board meets regularly on a half-yearly basis and ad-hoc meetings may be convened whenever deemed necessary to address any specific issue of significance that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. The Company's Constitution allows a Board meeting to be conducted by means of telephone conference or other methods of simultaneous communication by electronic or other means.

CORPORATE GOVERNANCE **REPORT**

The Board is assisted by various Board committees, namely the Audit Committee (the "**AC**"), the Nominating Committee (the "**NC**") and the Remuneration Committee (the "**RC**"), in carrying out and discharging its duties and responsibilities efficiently and effectively. The attendance of the Directors at meetings of the Board and Board committees during FY2017, as well as the frequency of such meetings, are disclosed below:

Name of Director	**Board**	**AC**	**RC**	**NC**
Number of meetings held in FY2017	3	2	1	1
Attendance				
Ho D'Orville Raymond[(1)]	1	1	1	1
Ho Pei Yuen Rena[(2)]	3	2	1	1
Ho Wan Jing Nellie[(3)]	3	2	1	1
Lee Lay Choo[(4)]	3	2	1	1
Peng Weile	3	2	1	1
Ng Tiang Hwa	3	2	1	1
Chow Wen Kwan Marcus[(5)]	3	2	1	1
Peng Fei[(6)]	3	2	1	1
Chong Soo Hoon Sean[(7)]	2	1	–	–

Notes:

(1) Ho D'Orville Raymond ceased to be the Independent Non-Executive Director and Chairman of the Board with effect from 7 July 2017.

(2) Ho Pei Yuen Rena was re-designated from Executive Director and CEO to Non-Executive Director of the Company with effect from 1 January 2018.

(3) Ho Wan Jing Nellie was re-designated from Executive Director and Deputy CEO to Non-Executive Director of the Company with effect from 1 January 2018.

(4) Lee Lay Choo ceased being an Executive Director and Chief Operating Officer of the Company with effect from 1 January 2018.

(5) Chow Wen Kwan Marcus was appointed as Independent Non-Executive Chairman with effect from 11 July 2017.

(6) Peng Fei was re-designated from Non-Executive Director to Executive Director and CEO of the Company with effect from 1 January 2018.

(7) Chong Soo Hoon Sean was appointed as Independent Non-Executive Director of the Company on 12 July 2017.

CORPORATE GOVERNANCE **REPORT**

The Directors are informed by the Company Secretaries, Management and/or other relevant professionals via electronic mails and briefed during Board meetings of new or revision in laws and regulations which are relevant to the Group. Changes to financial reporting standards are monitored closely by the management (consisting of the Executive Directors and key management personnel (who are not Director or the CEO)). The Directors may also attend appropriate courses, conferences and seminars at the Company's expense.

Newly appointed Directors to the Board will be briefed by the relevant members of the Management team on the Group's business, the regulatory and commercial environment in which the Group operates and its governance policies. During FY2017, Chong Soo Hoon Sean was appointed as Independent Non-Executive Director of the Company on 12 July 2017. The Directors recognise that it is equally important that they receive regular training, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

Principle 2: Board Composition and Guidance

The Board currently consists of seven members, three of whom are independent. As the Chairman of the Board is an Independent Director, this Board composition complies with the Code's guidelines that at least one-third of the Board should be made up of Independent Directors. The Directors are as follows:

Executive Directors*	
Peng Fei	Executive Director and CEO
Peng Weile	Executive Director
Non-Executive Directors	
Ng Tiang Hwa	Independent Director and Chairman of AC
Chow Wen Kwan Marcus	Independent Non-Executive Chairman and Chairman of NC
Chong Soo Hoon Sean	Independent Director and Chairman of RC
Ho Pei Yuen Rena	Non-Executive Director
Ho Wan Jing Nellie	Non-Executive Director

The NC adopts the definition in the Code as to what constitutes an Independent Director. The Board considers an "independent" Director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement of the conduct of the Group's affairs.

The NC has conducted an annual review of the independence of the Independent Directors, namely Ng Tiang Hwa, Chow Wen Kwan Marcus and Chong Soo Hoon Sean based on the Code's guidelines, and has ascertained that they are independent.

CORPORATE GOVERNANCE **REPORT**

The Board through the NC, taking into consideration the scope and nature of the Group's operations, is of the view that the current size and structure are appropriate for effective decision making and given that the Chairman of the Board is an Independent Director and at least one-third of the Board is made up of Independent Directors, there exists a strong independent element to ensure that objective judgement is exercised on corporate affairs.

Generally, each Director has been appointed on the strength of his calibre, experience, grasp of corporate strategy and potential to contribute to the Group's business. As each of the Director brings valuable insights from different perspectives vital to the strategic interest of the Group, the NC considers that the Directors possess the necessary competencies to provide management with a diverse and objective perspective on issues so as to lead and govern the Group effectively.

The NC noted that under the Code, the independence of a Director who has served for more than nine years since date of appointment should be subject to rigorous review. There are no Directors who have served on the Board beyond nine years from the date of his appointment.

Principle 3: Chairman and CEO

The Company adopts a dual leadership structure where the positions of Chairman of the Board and CEO are separate.

The Independent Non-Executive Chairman of the Board, Chow Wen Kwan Marcus, is assisted by the three Board committees and the internal auditor who reports to the AC in ensuring compliance with the Group's guidelines on corporate governance.

The CEO, Peng Fei, is responsible for the overall management, operations and charting the corporate and strategic direction of the Group.

The Independent Directors provide unbiased and independent view, advice and judgment to safeguard the interests of not only the Group but also the stakeholders, employees, customers and suppliers. Furthermore, the Board is of the view that with the functions of the three Board committees, there are adequate safeguards in place to prevent an unbalanced concentration of power, authority and decision making in a single individual.

To facilitate a more effective check on the management, the Independent Directors meet at least once a year with the internal and external auditors without the presence of the management. The Independent Directors may meet regularly on their own as warranted without the presence of the management.

CORPORATE GOVERNANCE **REPORT**

Principle 4: Board Membership

The NC consists of three members, namely Chow Wen Kwan Marcus, Chong Soo Hoon Sean and Ho Pei Yuen Rena, majority of whom are independent. The Chairman of the NC is Chow Wen Kwan Marcus. The NC is guided by written terms of reference that describe the responsibilities of its members.

The NC is responsible for:

(a) re-nomination of the Directors having regard to each Director's contribution and performance;

(b) determining annually whether a Director is independent;

(c) deciding whether a Director is able to and has been adequately carrying out his duties; and

(d) assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Generally, the NC does not appoint new Directors, but nominates them to the Board which retains the final discretion in appointing such new Directors. In the search, nomination and selection process for new Directors, the NC identifies the key attributes that an incoming Director should have, based on the mix of the attributes of the existing Board and the requirements of the Group. Thereafter, the NC taps on the resources of the existing Directors' personal contacts and recommendations of potential candidates for the shortlisting process. If candidates shortlisted are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for NC members to assess them, before a decision is reached.

Under the Company's Constitution, all the Directors are required to submit themselves for re-nomination and re-election every three years. Directors who retire are eligible to offer themselves for re-election. In addition, Directors who are appointed by the Board either to fill a casual vacancy or as an addition to the Board shall hold office only until the next Annual General Meeting ("**AGM**") of the Company, and shall be eligible for re-election.

The NC, in considering the re-election of an incumbent Director, evaluates such Director's contributions in terms of experience, business perspective and attendance at meetings of the Board and/or Board committees and pro-activeness of participation in meetings.

CORPORATE GOVERNANCE **REPORT**

Having regard to the effectiveness of the Board, Directors' attendance and deliberations at meetings of the Board and Board committees and the time spent on the Company's affairs, the NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out his duties towards the Company. Therefore, the NC and the Board do not propose to set the maximum number of listed company board representations which Directors may hold until such need arises. The Board does not have any alternate directors.

Key information regarding the Directors is set out below:

			Directorships in other listed companies	
Name of Director	**Date of first appointment**	**Date of last re-election**	**Present**	**Past (Last three years)**
Peng Fei	3 October 2016	10 April 2017	Forise International Limited	Nil
Peng Weile	3 October 2016	10 April 2017	Forise International Limited	Nil
Ng Tiang Hwa	3 June 2014	10 April 2017	Nil	Nil
Chow Wen Kwan Marcus	3 June 2014	17 April 2015	1. Hafary Holdings Limited 2. Katrina Group Ltd. 3. Versalink Holdings Limited 4. IAG Limited 5. Infinio Group Ltd	1. Ley Choon Group Holdings Limited
Chong Soo Hoon Sean	12 July 2017	–	China Yuanbang Property Holdings Limited	China Kangda Food Company Limited
Ho Pei Yuen Rena	31 December 2013	8 April 2016	Nil	Nil
Ho Wan Jing Nellie	31 December 2013	10 April 2017	Nil	Nil

The professional and academic qualifications and the information on shareholdings in the Company held by each Director are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

The Board has implemented a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and the Board committees and for assessing the contribution from each Director to the effectiveness of the Board. Assessment checklists which include evaluation factors such as Board size and composition, Board process, Board accountability, corporate strategy and planning, risk management, training and recruitment, compensation and standards of conduct, are disseminated to each Director for completion and the assessment results are discussed at the NC meeting. The Board has met its performance objectives for FY2017.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

Principle 6: Access to Information

The Board recognises the importance of unhindered flow of information for the Board to discharge its duties effectively. The management regularly furnishes the Board and where appropriate, each Director, with information about the Group as well as the relevant background information or explanatory information relating to the business to be discussed at Board meetings. All Directors are also provided with the contact details of the management and company secretary to facilitate separate and independent access.

The company secretary and/or her representatives attend Board and Board committee meetings. The company secretary, together with the management, are responsible for ensuring that appropriate procedures are followed and the requirements of the Companies Act, Chapter 50 (the "Companies Act") and the provisions in the Catalist Rules are complied with. Directors have separate and independent access to the company secretary. The appointment and the removal of the company secretary is a matter for the Board as a whole. Each Director has the right to seek independent legal and other professional advice, at the Company's expenses, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as a Director.

CORPORATE GOVERNANCE **REPORT**

B) REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The RC consists entirely of Independent Directors, namely Chong Soo Hoon Sean, Ng Tiang Hwa, and Chow Wen Kwan Marcus. The Chairman of the RC is Chong Soo Hoon Sean. The RC is guided by written terms of reference that describe the responsibilities of its members.

The RC will recommend to the Board a framework of remuneration for the Directors and key management personnel (who are not Directors or the CEO), and determine specific remuneration packages for each Executive Director and key management personnel (who are not Directors or the CEO).

The recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind (if any) shall be covered by the RC. The remuneration of employees who are related to the Directors or substantial shareholders of the Company will also be reviewed annually by the RC to ensure that their remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. The RC has full authority to obtain any external professional advice on matters relating to remuneration as and when the need arises. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

Principle 8: Level and Mix of Remuneration

The Company has a remuneration policy for its Executive Directors and key management personnel (who are not Directors or the CEO) which consists of a fixed component and a variable component. The fixed component is in the form of a base salary and/or fixed bonus, and the variable component is in the form of a variable bonus. The variable bonus takes into account the performance of the Group and the performance of the individual Executive Directors and key management personnel (who are not Directors or the CEO), as well as the Singapore employment market rates. The Company does not have any employee share scheme or other long-term employee incentive scheme.

All Independent Directors have no service agreements with the Company and do not receive any remuneration from the Company. They are paid fixed directors' fees, which are determined by the Board based on contribution, effort, time spent and responsibilities of the Independent Directors. The directors' fees are subject to approval by shareholders of the Company at each AGM.

CORPORATE GOVERNANCE **REPORT**

Service agreements

The Company had entered into separate service agreements (the "Service Agreements") with the Executive Directors, namely Ho Pei Yuen Rena, Ho Wan Jing Nellie, Lee Lay Choo and Peng Weile. The Service Agreement for Lee Lay Choo has been terminated with effect from her date of cessation as Executive Director and Chief Operating Officer on 1 January 2018. The Service Agreements for Ho Pei Yuen Rena and Ho Wan Jing Nellie have also been terminated with effect from their cessation as Executive Directors of the Company. The Company entered into a new Service Agreement with Peng Fei upon his appointment as Executive Director of the Company on 1 January 2018 for an initial period of three years. Upon the expiry of the initial period of three years, the employment of the Executive Directors shall be automatically renewed for a period of two years (and thereafter automatically renewed every two years) on such terms and conditions as the parties may agree.

The current Executive Directors, Peng Fei and Peng Weile, are entitled to an annual fixed bonus of one month of their respective last drawn salary. They are also entitled to receive an annual performance bonus, the amount of which is to be determined in the absolute discretion of the RC. The Group will pay all reasonable travelling, hotel and other expenses incurred by the Executive Directors in connection with its business. In addition, the Group shall reimburse all reasonable medical expenses of the Executive Directors in accordance with its personnel policy.

Under the Service Agreements, the salary of each Executive Director is subject to review by the RC after the financial statements of the Group for the immediate preceding financial year have been audited. The Executive Directors shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of their Service Agreements.

Save as disclosed, there are no existing or proposed service agreements between the Company and any of its Directors. There are no existing or proposed service agreements entered or to be entered into by the Directors with the Group which provide for benefits upon termination of employment.

CORPORATE GOVERNANCE **REPORT**

Principle 9: Disclosure of Remuneration

A breakdown, showing the level and mix of each Director's remuneration for FY2017 is as follows:

Remuneration band and name of Director	Director's fee	Salary, CPF and allowance	Performance related bonus	Total
Up to $250,000	**(%)**	**(%)**	**(%)**	**(%)**
Ho D'Orville Raymond[(1)]	100	–	–	100
Ho Pei Yuen Rena[(2)]	–	100	–	100
Ho Wan Jing Nellie[(3)]	–	100	–	100
Lee Lay Choo[(4)]	–	100	–	100
Peng Weile	–	100	–	100
Ng Tiang Hwa	100	–	–	100
Chow Wen Kwan Marcus[(5)]	100	–	–	100
Peng Fei[(6)]	100[(6)]	–	–	100
Chong Soo Hoon Sean[(7)]	100	–	–	100

Notes:

(1) Ho D'Orville Raymond ceased to be the Independent Non-Executive Director and Chairman of the Board with effect from 7 July 2017.

(2) Ho Pei Yuen Rena was re-designated from Executive Director and CEO to Non-Executive Director of the Company with effect from 1 January 2018.

(3) Ho Wan Jing Nellie was re-designated from Executive Director and Deputy CEO to Non-Executive Director of the Company with effect from 1 January 2018.

(4) Lee Lay Choo ceased being an Executive Director and Chief Operating Officer of the Company with effect from 1 January 2018.

(5) Chow Wen Kwan Marcus was appointed as Independent Non-Executive Chairman with effect from 11 July 2017.

(6) Peng Fei was re-designated from Non-Executive Director to Executive Director and CEO of the Company with effect from 1 January 2018. An additional directors' fee of S$6,666.70 is subject to shareholders' approval at the forthcoming AGM pursuant to Resolution 2 of the Notice of AGM.

(7) Chong Soo Hoon Sean was appointed as Independent Non-Executive Director of the Company on 12 July 2017.

CORPORATE GOVERNANCE **REPORT**

A breakdown, showing the level and mix of each key management personnel's (who are not Directors or the CEO) remuneration for FY2017 is as follows:

Remuneration band and name of key management personnel (who are not Directors or the CEO)#	Salary, CPF and allowance	Performance related bonus	Total
$100,000 to below $150,000	**(%)**	**(%)**	**(%)**
Tay Twan Lee*	90.9	9.1	100
Up to $250,000	**(%)**	**(%)**	**(%)**
Ng Hui Hsien	93.8	6.2	100
Sherina Low Yeen Mei*	93.9	6.1	100
Renee Gao	100	–	100
Kenny Gao	100	–	100
Ran Shao Sherry	100	–	100

* Tay Twan Lee and Sherina Low Yeen Mei were both key management personnel for the former subsidiary, SMJ Furnishings (S) Pte Ltd.

\# There were six key management personnel (who are not Directors or the CEO) during FY2017.

Given the general sensitivity and confidentiality of remuneration matters, the Company is not disclosing the remuneration of each Director and key management personnel (who are not Directors or the CEO). However, the Company adopts the disclosure of remuneration in bands of $250,000 (save for a key management personnel (who are not Directors or the CEO) who is an immediate family member of a Director) which would provide a good overview and is informative of the remuneration of each Director and key management personnel (who are not Directors or the CEO).

The aggregate total remuneration paid to or accrued to the key management personnel (who are not Directors or the CEO) amounted to $520,000 for FY2017.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Group's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

The review of the remuneration of the Executive Directors and key management personnel (who are not Directors or the CEO) by the RC takes into consideration the performance and contributions of the staff to the Group as well as the financial performance and commercial needs of the Group and has ensured that the Executive Directors and key management personnel (who are not Directors or the CEO) are adequately but not excessively remunerated.

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

Save that (i) Ho Pei Yuen Rena and Ho Wan Jing Nellie are siblings, and (ii) Tay Twan Lee is the spouse of Ho Wan Jing Nellie, there is no employee of the Group who is an immediate family member of the Directors or CEO.

CORPORATE GOVERNANCE **REPORT**

C) ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with the legislative and statutory requirements and requirements of the Catalist Rules.

Prior to the release of half-yearly and full year results to the public, the Executive Directors will present the Group's performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

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

The management provides all members of the Board with management accounts of the Company and its subsidiaries on a monthly basis for understanding of the Group's performance, financial position and prospects.

Principle 11: Risk Management and Internal Controls

The Company did not set up a Risk Management Committee as the management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews significant control policies and procedures and highlights the significant matters to the Board and the AC.

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' interest and the Group's assets.

The Board and the AC noted that all internal controls contain inherent limitations and no systems of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The Board will continue its risk assessment process, which is an on-going process, with a view to improve the Group's internal control system.

The Board, under the AC's recommendation, selected and appointed Wensen Consulting Asia (S) Pte Ltd as the internal auditor of the Group to review, recommend and carry out subsequent follow-up review of the Group's internal control system. The internal auditor plans its internal audit schedules in consultation with, but independent of, the management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

CORPORATE GOVERNANCE **REPORT**

The Board has received assurance from the CEO and the Financial Controller that:

(a) the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances; and

(b) the Group has put in place and will continue to maintain a reasonably adequate and effective system of risk management and internal controls.

Based on the internal controls established and maintained by the Group, work performed by the internal auditor, internal control recommendation reported by the external auditor during the course of fulfilling its duties as statutory auditor and reviews performed by the management, the Board with the concurrence of the AC, is of the opinion that the risk management and internal control system in place are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group as at 31 December 2017.

Principle 12: Audit Committee

The AC consists of entirely Independent Directors, namely Ng Tiang Hwa, Chow Wen Kwan Marcus and Chong Soo Hoon Sean. The Chairman of the AC is Ng Tiang Hwa. The AC has written terms of reference clearly setting out its authority and duties.

At least two members, including the Chairman of the AC have accounting and related financial management expertise. The Board is of the view that the AC has the necessary experience and expertise required to discharge its duties.

The AC will assist the Board in discharging its responsibility to safeguard the assets of the Group, maintain adequate accounting records and develop and maintain effective system of internal controls, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC will provide a channel of communication between the Board, the management and the external auditor on matters relating to audit.

The AC shall meet half-yearly and as and when the need arises, to perform, *inter alia*, the following functions:

(a) review the audit plan of the internal auditor, and internal auditor's review and evaluation of the Group's system of internal controls;

CORPORATE GOVERNANCE **REPORT**

(b) review the audit plan of the external auditor, including review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Financial Reporting Standards in Singapore, concerns and issues arising from its audits including any matters which the external auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

(c) review the half-yearly consolidated financial statements comprising the statement of comprehensive income and the balance sheets and such other information required by the SGX–ST Catalist Rules, before submission to the Board for approval;

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

(e) review the co-operation given by the management to the external auditor;

(f) consider the appointment or re-appointment of the external auditor;

(g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the SGX–ST Catalist Rules;

(h) review potential conflicts of interests (if any);

(i) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;

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

(k) undertake generally such other functions and duties as may be required by law or the SGX–ST Catalist Rules, and by such amendments made thereto from time to time.

The AC had met with the internal and external auditors, without the presence of the management, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the auditors.

CORPORATE GOVERNANCE **REPORT**

The AC confirms that it has undertaken a review of all non-audit services provided by the external auditor and that such non-audit services would not, in the AC's opinion, affect the independence of the external auditor.

In the AC's opinion, the external auditor, Nexia TS Public Accounting Corporation is suitable for re-appointment and it has accordingly recommended to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as auditor of the Company at the forthcoming AGM.

The AC is mindful of the need to maintain a balance between the independence and objectivity of the external auditor and the work carried out by the external auditor based on value for money consideration. During FY2017, the aggregate amount of fees paid or payable to the external auditor for the audit and non-audit services amounted to $65,000 and $7,000, respectively.

The Group is in compliance with Rules 712 and 715 of the Catalist Rules.

It is the Company's practice for the external auditor to present to the AC its audit plan and with updates relating to any change in accounting standards impacting the financial statements of the Group. During FY2017, the changes in accounting standards did not have any material impact on the Group's financial statements.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX, the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on Key Audit Matters ("KAM").

The AC considered the KAM presented by the external auditor together with management. The AC reviewed the KAM and concurred and agreed with the external auditor and management on their assessment, judgements and estimates on the significant matter reported by the external auditor.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group has a whistle-blowing policy in place which encourages the reporting of mainly matters of fraud, corruption or dishonest and unethical practices. The whistle-blowing policy has been communicated to all staff.

The Group undertakes to investigate complaints or suspected fraud and unethical behaviour in an objective manner and has put in place, with the AC's endorsement, arrangement by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to ensure independent investigation of matters raised and allow appropriate actions to be taken. All such concerns are to be raised in confidentiality directly to the Chairman of the Board and AC.

CORPORATE GOVERNANCE **REPORT**

Principle 13: Internal Audit

The AC is aware of the need to establish a system of internal controls within the Group to safeguard the shareholders' interests and the Group's assets, and to manage risks. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and to safeguard assets and ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risks.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed Wensen Consulting Asia (S) Pte Ltd, an external risk advisory consultancy firm, to undertake the functions of an internal auditor for the Group. The internal auditor reports directly to the AC and administratively to the Executive Directors.

The internal auditor has adopted the standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC approves the engagement, removal, evaluation and compensation of the internal auditor and reviews the activities of the internal auditor on a regular basis, including overseeing and monitoring the implementation of the improvements required on internal control weaknesses identified.

D) SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' Rights

The Group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Group ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. The Group recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in the Company.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively at the AGM. The Constitution of the Company allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM.

CORPORATE GOVERNANCE **REPORT**

Principle 15: Communication with Shareholders

The Company is committed to maintaining and improving its level of corporate transparency of financial results and other pertinent information. In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules and the Companies Act, it is the Board's policy to ensure that all shareholders are informed on a timely basis of every significant development that has an impact on the Group. Such information is disclosed in an accurate and comprehensive manner through SGXNET.

The Company does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period.

The Company conducts its investor relations on the following principles:

(a) Information deemed to be price-sensitive is disseminated without delay via announcements on SGXNET;

(b) Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decisions; and

(c) Operate an open policy with regard to investors' enquiries.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Company's earnings, general financial condition, results of operations, capital requirement, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. No dividend was paid or proposed for FY2017 as the Board feels it is prudent to retain cash resources so that the Company has the flexibility to execute its business plans effectively.

Principle 16: Conduct of Shareholder Meetings

All the shareholders of the Company will receive the Company's annual report and notice of AGM. At each AGM, shareholders will be given the opportunity and time to air their views and ask Directors or the management questions regarding the Company.

The Chairman of each Board committee is required to be present to address questions at the AGM. The external auditor will also be present at such meeting to assist the Directors to address shareholders' queries, if necessary.

The Constitution of the Company allows any shareholder of the Company, if he or she is unable to attend the meeting, to appoint not more than two proxies to attend and vote on his or her behalf at the meeting through proxy forms sent in advance.

CORPORATE GOVERNANCE **REPORT**

ADDITIONAL INFORMATION

Dealing in securities

The Company has devised and adopted policies in line with the requirements of the Catalist Rules on dealings in the Company's securities.

The Company and its officers are prohibited from dealing in the Company's shares on short-term consideration or at any time when they are in possession of unpublished price-sensitive information. They are also not allowed to deal in shares of the Company during the period commencing one month before the date of announcement of the Company's half year and full year financial results, and ending on the date of the announcement of the relevant results.

In addition, the Directors and key management personnel (who are not Directors or the CEO) are expected to observe insider trading laws at all times when dealing in securities within the permitted trading period.

Interested Person Transactions

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions, if any, to be at agreed and normal commercial terms, and not prejudicial to the interests of the Company and its non-controlling shareholders, and to be reviewed by the AC to ensure compliance with the requirements of the Catalist Rules on interested person transactions.

If the Group enters into an interested person transaction and a potential conflict of interest arises, the Director concerned shall abstain from any discussions and also refrain from exercising any influence over other members of the Board.

The Company did not enter into interested person transactions which are required for disclosure pursuant to Rule 1204(17) of the Catalist Rules during FY2017.

Non-Sponsor Fees

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Sponsor, Hong Leong Finance Limited for FY2017.

Material Contracts

There were no material contracts of the Company and its subsidiary corporations involving the interests of the CEO or any Director or controlling shareholder of the Company, either still subsisting at the end of FY2017 or if not then subsisting, which were entered into since the end of the previous financial year.

CORPORATE GOVERNANCE **REPORT**

Use of IPO Proceeds

The Group raised gross proceeds of approximately $3.92 million from its initial public offering ("**IPO**"). As at 23 February 2018, such proceeds had been utilised in accordance with the intended purposes as follows:

Intended use of net proceeds	**Amount allocated ($'000)**	**Amount utilised ($'000)**	**Balance ($'000)**
Business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	(177)	1,323
Improving inventory management system and logistics support[1]	340	(340)	–
Marketing and business development	250	(250)	–
General working capital[2]	329	(329)	–
IPO expenses borne by the Company	1,501	(1,501)	–
Total	**3,920**	**(2,597)**	**1,323**

Notes:

1. Out of $340,000 allocated for improving inventory management system and logistics support, $112,774 has been utilised to purchase a new delivery truck, $38,800 has been utilised to purchase a new forklift and $155,991 has been utilised to purchase SAP inventory cum accounting system.

2. The breakdown of the use of the IPO proceeds on general working capital is as follows:

	$
Professional fees	182,765
Directors' fees	74,999
Compliance/Listing fees	6,873
Administrative expenses	27,497
Other operating expenses	36,866
Total	329,000

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2017

The directors present their statement to the members together with the audited financial statements of SMJ International Holdings Ltd. (the "Company") and its subsidiary corporations ("the Group") for the financial year ended 31 December 2017 and the balance sheet of the Company as at 31 December 2017.

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 42 to 98 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Chow Wen Kwan Marcus
Peng Weile
Peng Fei
Ng Tiang Hwa
Chong Soo Hoon Sean (appointed on 12 July 2017)
Ho Pei Yuen Rena
Ho Wan Jing Nellie

Arrangements to enable directors to acquire shares and 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 in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT
For the Financial Year Ended 31 December 2017

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2017	**At 1.1.2017**	**At 31.12.2017**	**At 1.1.2017**
Company				
(No. of ordinary shares)				
Ho Pei Yuen Rena	**12,800,000**	12,800,000	**–**	–
Ho Wan Jing Nellie	**12,800,000**	12,800,000	**–**	–

The directors' interests in the ordinary shares of the Company as at 22 January 2018 were the same as those as at 31 December 2017.

Share Options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company under option at the end of the financial year.

Audit Committee

The Audit Committee (the "AC") comprises three members, all of whom are non-executive directors.

The members of the Audit Committee at the end of the financial year were as follows:

Chow Wen Kwan Marcus	Independent director, Chairman
Ng Tiang Hwa	Independent director
Chong Soo Hoon Sean	Independent director

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

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2017

Audit Committee (continued)

The AC has met half-yearly and as and when the need arises, to perform, *inter alia*, the following functions:

(a) review the audit plan of the internal auditor, and internal auditor's review and evaluation of the Group's system of internal controls;

(b) review the audit plan of the external auditor, including review the annual consolidated financial statements and the external auditor's report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Financial Reporting Standards in Singapore, concerns and issues arising from its audit including any matters which the external auditor may wish to discuss in the absence of management, where necessary, before submission to the Board for approval;

(c) review the half-yearly consolidated financial statements comprising the statement of comprehensive income and the balance sheets and such other information required by the SGX-ST Catalist Rules, before submission to the Board for approval;

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

(e) review the co-operation given by our management to the external auditor;

(f) consider the appointment or re-appointment of the external auditor;

(g) review and ratify any interested person transactions falling within the scope of Chapter 9 of the SGX-ST Catalist Rules;

(h) review potential conflicts of interests (if any);

(i) review the procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensured that there are arrangements in place for independent investigation and follow-up actions thereto;

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

(k) undertake generally such other functions and duties as may be required by law or the SGX-ST Catalist Rules, and by such amendments made thereto from time to time.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2017

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Peng Fei
Director

Peng Weile
Director

22 March 2018

INDEPENDENT **AUDITOR'S REPORT**

to the Members of SMJ International Holdings Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SMJ International Holdings Ltd. (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 98.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") 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 2017 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT **AUDITOR'S REPORT**

to the Members of SMJ International Holdings Ltd.

Key Audit Matters (continued)

Discontinued Operations
(Refer to Note 10 to the financial statements)

Risk:

On 20 October 2017, the Company entered into a Sale and Purchase Agreement ("SPA") to dispose of the Group's entire interests in SMJ Furnishings (S) Pte Ltd ("SMJ Furnishings") (comprising the Group's carpet furnishing business). On 26 December 2017, the shareholders of the Company approved the disposal of the Group's entire interests SMJ Furnishings. On 16 January 2018, the Group completed the disposal of SMJ Furnishings. On 7 February 2018, the Board announced that the Company and the Purchasers had entered into a supplementary deed, notwithstanding and without affecting the legality nor effectiveness of completion which has occurred on 16 January 2018, risk and rewards associated with the SPA and control over SMJ Furnishings (S) Pte Ltd shall be transferred from 31 December 2017.

Based on the agreement and supplemental deed, management deemed that they have effectively lost control over SMJ Furnishing and deconsolidate SMJ Furnishings and recognised a gain on disposal amounting to $175,000 on 31 December 2017.

We have identified the disposal as a key audit matter due to its financial significance to the consolidated financial statements and significant judgement involved in determining the date of the loss of control of SMJ Furnishings in accordance with the requirements of FRS 103 Business combinations and FRS 110 Consolidated Financial Statements.

Our response:

In obtaining sufficient audit evidence, we:

- Reviewed the Sales and Purchase Agreement ("SPA") and the supplemental deed and discussed with management the basis of deconsolidating SMJ Furnishings (S) Pte Ltd;

- Reviewed management's calculation on gain on disposal by reconciling the consideration to the Sales and Purchase Agreement ("SPA") and bank transactions, and by verifying the net assets disposed to the underlying accounting records;

- Reviewed management's disclosures in the consolidated financial statements.

Our findings:

We found that the calculations by management and basis for deconsolidation to be reasonable and the disclosures in the consolidated financial statements are appropriate.

INDEPENDENT **AUDITOR'S REPORT**

to the Members of SMJ International Holdings Ltd.

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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT **AUDITOR'S REPORT**

to the Members of SMJ International Holdings Ltd.

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

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

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

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

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

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

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

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

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

INDEPENDENT **AUDITOR'S REPORT**

to the Members of SMJ International Holdings Ltd.

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

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 year 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 director on the audit resulting in this independent auditor's report is Philip Tan Jing Choon.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
22 March 2018

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the Financial Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Continuing operations			
Revenue	4	**1,118**	–
Other income	5	**3**	25
Other gains	6	**231**	–
Expenses			
– Depreciation		*****	–
– Employee compensation	7	**(341)**	(4)
– Other expenses	8	**(520)**	(399)
Total expenses		**(861)**	(403)
Profit/(loss) before income tax		**491**	(378)
Income tax expense	9	**(188)**	–
Profit/(loss) from continuing operations		**303**	(378)
Discontinued operations			
Loss from discontinued operations	10	**(215)**	(40)
Net profit/(loss)		**88**	(418)
Other comprehensive losses:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Losses		**(53)**	–
Other comprehensive loss, net of tax		**(53)**	–
Total comprehensive income/(loss)		**35**	(418)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations		**303**	(378)
Loss from discontinued operations		**(215)**	(40)
		88	(418)
Total comprehensive income/(loss) attributable to equity holders of the company		**35**	(418)
Earnings/(losses) per share for profit/(loss) from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic and diluted earnings/(losses) per share			
From continuing operations	11	**0.39**	(0.49)
From discontinued operations	11	**(0.28)**	(0.05)

** Less than $1,000*

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

As at 31 December 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets					
Cash and bank balances	12	**1,606**	6,192	**102**	1,462
Trade and other receivables	13	**15,203**	5,400	**15,996**	1,177
Inventories	14	**–**	4,569	**–**	–
		16,809	16,161	**16,098**	2,639
Non-current assets					
Investment in joint venture	15	**–**	359	**–**	–
Investments in subsidiary corporations	16	**–**	–	*****	3,500
Investment property	17	**–**	3,000	**–**	–
Property, plant and equipment	18	**1**	818	**–**	–
		1	4,177	*****	3,500
Total assets		**16,810**	20,338	**16,098**	6,139
LIABILITIES					
Current liabilities					
Trade and other payables	19	**208**	1,890	**119**	89
Current income tax liabilities		**189**	9	**–**	–
Borrowings	20	**–**	2,031	**–**	–
Deferred government grant	21	**–**	29	**–**	–
		397	3,959	**119**	89
Non-current liabilities					
Deferred income tax liabilities	22	**–**	1	**–**	–
Total liabilities		**397**	3,960	**119**	89
NET ASSETS		**16,413**	16,378	**15,979**	6,050
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	**6,365**	6,365	**6,365**	6,365
Currency translation reserve		**(53)**	–	**–**	–
Retained profits/(Accumulated losses)		**10,101**	10,013	**9,614**	(315)
Total equity		**16,413**	16,378	**15,979**	6,050

** Less than $1,000*

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the Financial Year Ended 31 December 2017

		Attributable to equity holders of the Company			
	Note	**Share capital $'000**	**Currency translation reserve $'000**	**Retained profits $'000**	**Total equity $'000**
2017					
Beginning of financial year		6,365	–	10,013	16,378
Total comprehensive profit for the year		–	(53)	88	35
End of financial year		**6,365**	**(53)**	**10,101**	**16,413**
2016					
Beginning of financial year		6,365	–	10,688	17,053
Total comprehensive loss for the year		–	–	(418)	(418)
Dividend paid relating to 2015	26	–	–	(257)	(257)
End of financial year		**6,365**	**–**	**10,013**	**16,378**

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the Financial Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Net profit/(loss)		**88**	(418)
Adjustments for:			
– Income tax expense	9	**195**	17
– Depreciation of property, plant and equipment	18	**271**	214
– Depreciation of investment property	17	**66**	55
– Impairment loss on investment property	17	**45**	224
– Gain on disposal of property, plant and equipment		**(10)**	(7)
– Property, plant and equipment written off		**3**	3
– Gain on disposal of a subsidiary corporation	6	**(175)**	–
– Interest income		**(3)**	(72)
– Finance expense		**–**	76
– Unrealised currency translation losses		**(52)**	–
		428	92
Change in working capital, net of effects from disposal of a subsidiary corporation:			
– Inventories		**111**	(124)
– Trade and other receivables		**(1,586)**	2,117
– Trade and other payables		**1,551**	(1,120)
– Deferred government grant		**(28)**	(28)
Cash generated from operations		**476**	937
Income tax paid		**(10)**	(99)
Net cash provided by operating activities		**466**	838
Cash flows from investing activities			
Additions to property, plant and equipment	18	**(278)**	(740)
Additions to investment property	17	**–**	(478)
Disposal of property, plant and equipment		**10**	7
Disposal of a subsidiary corporation, net of cash disposed of	12	**(1,406)**	–
Interest received		**6**	76
Net cash used in investing activities		**(1,668)**	(1,135)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the Financial Year Ended 31 December 2017

	Note	2017 $'000	2016 $'000
Cash flows from financing activities			
Proceeds from borrowings		**6,932**	8,077
Repayment of borrowings		**(6,803)**	(8,613)
Interest paid		**–**	(76)
Dividends paid to equity holders of the Company	26	**–**	(257)
Fixed deposits with maturity more than three months		**387**	(400)
Net cash provided by/(used in) financing activities		**516**	(1,269)
Net decrease in cash and bank balances		**(686)**	(1,566)
Cash and bank balances			
Beginning of financial year		**2,292**	3,858
End of financial year	12	**1,606**	2,292

	1 January 2017 $'000	Principal and Interest payments $'000	Non-cash changes $'000 Interest expense	Disposal of subsidiary corporation $'000	31 December 2017 $'000
Bank borrowings	2,031	61	68	(2,160)	–

The accompanying notes form an integral part of these financial statements

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

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

1 General information

SMJ International Holdings Ltd. ("the Company") is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. The address of its registered office is 80 Raffles Place #11-20 UOB Plaza 2 Singapore 048624.

The principal activity of the Company is investment holding. The principal activities of its joint venture and subsidiary corporations are described in Note 15 and Note 16 to the financial statements.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed in the accounting policies below.

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

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.1 Basis of preparation (continued)

FRS 7 Statement of cash flows

The amendments of FRS 7 Statement of cash flows sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Distribution sales*

Distribution sales refer to wholesale of carpets to dealers, carpet importers and carpet installation companies. Revenue from sale of carpets is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, and generally coincides with their delivery and acceptance by customers.

(b) *Contract sales*

Contract sales refer to supply and delivery of carpets which includes the project management work, by handling the installation of these carpets on site for its customers. Revenue is recognised upon delivery of carpet and installation service rendered.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(c) Rendering of services

Property management consultancy services involve planning, assessing, supervising and quality control on hotel and resort development. Revenue is recognised using the percentage-of-completion method. The percentage-of-completion is measured by reference to each stage of completion of the contract activity and acceptance by the customer at the end of each reporting period.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group 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 recognised as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations 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 to direct the activities of the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

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

Please refer to the paragraph "Investments in subsidiary corporations and joint venture" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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

(i) Acquisitions

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Joint ventures (continued)

(ii) Equity method of accounting (continued)

When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and joint venture," for the accounting policy on investments in joint ventures in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(a) Measurement (continued)

(ii) Components of costs

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

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Computers	3 years
Furniture and fittings	10 years
Motor vehicles	5 years
Office equipment	10 years
Leasehold improvements	5 years

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

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

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains".

2.6 Borrowings costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investment properties

Investment properties include those residential buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives of 50 years. Investment properties under construction are not depreciated. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included 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. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.8 Investments in subsidiary corporations and joint venture

Investments in subsidiary corporations and joint venture are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.9 Impairment of non-financial assets

Property, plant and equipment
Investment property
Investments in subsidiary corporations and joint venture

Property, plant and equipment, investment property and investments in subsidiary corporations and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

At the end of financial year, the Group does not hold any of the financial assets except loans and receivables.

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 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 13) and "Cash and bank balances" (Note 12) on the balance sheet.

(b) *Recognition and derecognition*

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) *Initial measurement*

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.10 Financial assets (continued)

(d) Subsequent measurement

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

(e) Impairment

The Group assesses at each balance sheet 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.

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 impairment allowance 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.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.12 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporation. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporation fails to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

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

Intra-group transactions are eliminated on consolidation.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.15 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.16 Leases

(a) *When the Group is the lessee:*

The Group leases office and warehouse spaces under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) 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.

(b) *When the Group is the lessor:*

The Group leases investment property under operating leases to non-related party.

Lessor – Operating leases

Leases of investment property 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.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.17 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises the purchase price and other direct costs directly attributable to the acquisition of finished goods – carpets but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.18 Income taxes (continued)

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.19 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.20 Employee compensation

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

(a) Defined contribution plans

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

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.20 Employee compensation (continued)

(b) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange 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 balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "Finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains".

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

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.21 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

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

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

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

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet, if any.

2.24 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.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

2 Significant accounting policies (continued)

2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.26 Discontinued operations

A discontinued operation is a component of an entity that neither has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Consultancy contracts

The Group uses the stage of completion method to account for its contract revenue. The stage of completion is determined by reference to each stage of completion of the contract activity and acceptance by customer.

Significant judgement is required in determining the stage of completion. In making the judgement, the Group relies on expertise of management. The amount of revenue recognised for the financial year is disclosed in Note 4.

If the revenue on uncompleted contracts had been higher/lower by 10% from management's estimates, the Group's revenue will increase/decrease by $112,000.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

3 Critical accounting estimates, assumptions and judgements (continued)

(b) Disposal of subsidiary corporation

As disclosed in Note 10 to the financial statements describes that the Group has disposed its entire interests (the "Sale Shares") in SMJ Furnishings (S) Pte Ltd ("SMJ Furnishings"). The management of the Group assessed whether the Group has control over SMJ Furnishings as at 31 December 2017 based on the agreement and supplementary deed with Purchaser and therefore de-consolidated the subsidiary accordingly.

In making this judgement, the management considered the Company had entered into supplementary deed on 7 February 2018, that stated notwithstanding and without affecting the legality nor effectiveness of completion which has occurred on 16 January 2018, risk and rewards associated with the SPA and control over SMJ Furnishings shall be transferred from 31 December 2017 to Purchaser. After assessment, the management concluded that the Group has lost has lost control over SMJ Furnishings on 31 December 2017.

4 Revenue

	Group	
	2017	**2016**
	$'000	**$'000**
Consultancy services	**1,118**	–

5 Other income

	Group	
	2017	**2016**
	$'000	**$'000**
Interest income – bank deposits	**3**	25
Sundry income	*****	–
	3	25

** Less than $1,000*

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

6 Other gains

	Group	
	2017	**2016**
	$'000	**$'000**
Currency exchange gains – net	**56**	–
Gain on disposal of a subsidiary corporation (Note 10)	**175**	–
	231	–

7 Employee compensation

	Group	
	2017	**2016**
	$'000	**$'000**
Wages and salaries	**256**	4
Employer's contribution to defined contribution plan including Central Provident Fund	**85**	*
	341	4

** Less than $1,000*

8 Other expenses

	Group	
	2017	**2016**
	$'000	**$'000**
Auditors' remuneration		
– Fees on audit services paid/payable to auditor of the Company		
– current year	**65**	61
– under provision in prior year	**–**	3
Entertainment	**8**	–
Insurance	**9**	11
Professional fees	**397**	300
Printing, stationery and postages	**15**	13
General expenses	**16**	*
Others	**10**	11
	520	399

** Less than $1,000*

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

9 Income taxes

	Group 2017 $'000	Group 2016 $'000
Tax expense attributable to profit is made up of:		
– Profit for the financial year:		
From continuing operations		
– Current income tax	**188**	–
From discontinued operations		
– Current income tax	**7**	9
– Deferred income tax (Note 22)	**–**	(28)
	195	(19)
– Under provision of current income tax in prior financial years:		
From continuing operations	*****	*
From discontinued operations	**–**	36
	195	17

** Less than $1,000*

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group 2017 $'000	Group 2016 $'000
Profit/(loss) before tax from		
– continuing operations	**491**	(378)
– discontinued operations	**(208)**	(23)
	283	(401)
Tax calculated at tax rate of 17% (2016: 17%)	**48**	(68)
Effects of:		
– different tax rates in other countries	**55**	–
– tax exemptions and incentives	**(11)**	(33)
– expenses not deductible for tax purposes	**134**	83
– income not subject to tax	**(31)**	(1)
– under provision of current income tax in prior financial years	*****	36
Tax charge	**195**	17

** Less than $1,000*

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

10 Discontinued operations

On 20 October 2017, the Company entered into a Sale and Purchase Agreement ("SPA") to dispose of the Group's entire interests in SMJ Furnishings (S) Pte Ltd ("SMJ Furnishings") (comprising the Group's carpet furnishing business). On 26 December 2017, the shareholders of the Company approved the disposal of the Group's entire interests SMJ Furnishings. On 16 January 2018, the Group completed the disposal of SMJ Furnishings. On 7 February 2018, the Board announced that the Company and the Purchasers had entered into a supplementary deed, notwithstanding and without affecting the legality nor effectiveness of completion which has occurred on 16 January 2018, risk and rewards associated with the SPA and control over SMJ Furnishings (S) Pte Ltd shall be transferred from 31 December 2017.

The Group deemed that they have lost control over SMJ Furnishings on 31 December 2017 and recognised a gain on disposal of approximately $175,000.

The entire results of SMJ Furnishings are presented separately on the statement of comprehensive income as "Discontinued Operations".

(a) The results of the discontinued operations and the re–measurement of the disposal group are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Revenue	**16,743**	16,294
Other income	**195**	231
Other gains	**45**	177
Expenses	**(17,191)**	(16,725)
Loss before income tax from discontinued operations	**(208)**	(23)
Tax	**(7)**	(17)
Loss for the year from discontinued operations, net of tax	**(215)**	(40)

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Operating cash inflows	**311**	2,285
Investing cash outflows	**(300)**	(1,158)
Financing cash outflows	**(16)**	(1,212)
Total cash outflows	**(5)**	(85)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

11 Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	**2016**
Profit/(loss) attributable to equity holders of the Company ($'000)		
– Continuing operations	**303**	(378)
– Discontinued operations	**(215)**	(40)
	88	(418)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**78,000**	78,000
Basic and diluted earnings/(losses) per share (cents per share)		
– Continuing operations	**0.39**	(0.49)
– Discontinued operations	**(0.28)**	(0.05)
	0.11	(0.54)

There were no dilutive potential ordinary shares during the financial year.

12 Cash and bank balances

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**1,606**	1,892	**102**	462
Bank deposits	**–**	4,300	**–**	1,000
	1,606	6,192	**102**	1,462

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

	Group	
	2017	**2016**
	$'000	**$'000**
Cash and bank balances (as above)	**1,606**	6,192
Less: Bank deposits with maturity more than three months	**–**	(3,900)
Cash and cash equivalents per consolidated statement of cash flows	**1,606**	2,292

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

12 Cash and bank balances (continued)

Disposal of subsidiary corporation

Following the disposal of subsidiary corporation explained in Note 10, the effects of the disposal on the cash flows of the Group were:

	Group
	2017
	$'000
Carrying amounts of assets and liabilities disposed of on 31 December 2017	
Cash and bank balances	**1,406**
Bank deposits with maturity more than three months	**3,513**
Trade and other receivables	**5,580**
Inventories	**4,458**
Investment property	**2,889**
Property, plant and equipment	**821**
Investment in a joint venture	**359**
Total assets	**19,026**
Trade and other payables	**(3,234)**
Current income tax liabilities	**(6)**
Borrowings	**(2,160)**
Deferred income tax liabilities	**(1)**
Total liabilities	**(5,401)**
Net assets derecognised/disposed of	**13,625**

The aggregate cash outflows arising from the disposal of SMJ Furnishings (S) Pte Ltd were:

	Group
	2017
	$'000
Net assets disposed of (as above)	**13,625**
Gain on disposal	**175**
Cash proceeds from disposal	**13,800**
Less: cash and bank balances in subsidiary corporation disposed of	**(1,406)**
Less: consideration receivables (Note 13)	**(13,800)**
Net cash outflow on disposal	**(1,406)**

NOTES TO **THE FINANCIAL STATEMENTS**
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13 Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables – non-related parties	**267**	5,284	**–**	–
Less: Allowances for impairment [Note 29(b)(ii)]	**–**	(200)	**–**	–
Trade receivables – net	**267**	5,084	**–**	–
Advances to employees	**–**	55	**–**	–
Deposits	**–**	14	**–**	–
Interest income receivable	**–**	7	**–**	3
Prepayments	**39**	240	**37**	54
Other receivables				
– Subsidiary corporations	**–**	–	**1,062**	1,120
– Consideration receivable from the disposal of SMJ Furnishing (S) Pte Ltd (Note 12)	**13,800**	–	**13,800**	–
– Related party	**1,097**	–	**1,097**	–
	15,203	5,400	**15,996**	1,177

Other receivables from subsidiary corporations and related party, SMJ Furnishings (S) Pte Ltd are unsecured, interest-free and repayable on demand.

14 Inventories

	Group	
	2017	**2016**
	$'000	**$'000**
Finished goods	**–**	4,569

The Group has inventories write-off of $79,000 (2016: $199,000) and inventories write-down of $366,000 (2016: $119,000) during the financial year.

NOTES TO **THE FINANCIAL STATEMENTS**
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15 Investment in joint venture

	Group	
	2017	**2016**
	$'000	**$'000**
Equity investments at cost		
Beginning of financial year	**359**	–
Additions	**–**	359
Disposal of subsidiary corporation (Note 12)	**(359)**	–
End of financial year	**–**	359

The joint venture was incorporated on 10 November 2016 and remained dormant after incorporation.

There are no contingent liabilities relating to the Group's interest in the joint venture. The joint venture has share capital consisting solely of ordinary shares.

Detail of the joint venture held by the Group is as follows:

Name of entity	Principal activities	Country of business/ incorporation	% of ownership interest	
			2017	**2016**
			%	**%**
PT Spektrum Megah Jaya[1][2]	Supply and distribution of carpets and other furnishing materials	Indonesia	**–**	33

(1) Not required to be audited as the company is presently dormant

(2) Disposed of during the financial year

16 Investments in subsidiary corporations

	Company	
	2017	**2016**
	$'000	**$'000**
Equity investment at cost		
Beginning of financial year	**3,500**	3,500
Additions	*****	*
Disposal of subsidiary corporation (Note 12)	**(3,500)**	–
End of financial year	*****	3,500

** Less than $1,000*

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

16 Investments in subsidiary corporations (continued)

The Group had the following subsidiary corporations as at 31 December 2017 and 2016:

Name of entity	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares directly held by the Company	
			2017 %	2016 %	2017 %	2016 %
SMJ Furnishings (S) Pte Ltd[(1)(3)]	General wholesale trade of carpets and furnishings material	Singapore	**–**	100	**–**	100
Elite Management (Singapore) Pte. Ltd.[(1)]	Property investment and management business	Singapore	**100**	100	**100**	100
Beijing Zhuoyue Tiancheng Business Management Co. Ltd[(2)]	Property and hospitality management consultancy services	People's Republic of China	**100**	–	**100**	–

(1) Audited by Nexia TS Public Accounting Corporation

(2) Audited by Nexia TS (Shanghai) Co., Ltd

(3) Disposed of during the financial year

NOTES TO **THE FINANCIAL STATEMENTS**
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17 Investment property

	Group	
	2017	**2016**
	$'000	**$'000**
Cost		
Beginning of financial year	**3,279**	2,801
Additions	**–**	478
Disposal of subsidiary corporation (Note 12)	**(3,279)**	–
End of financial year	**–**	3,279
Accumulated depreciation and accumulated impairment losses		
Beginning of financial year	**279**	–
Depreciation charge	**66**	55
Impairment losses	**45**	224
Disposal of subsidiary corporation (Note 12)	**(390)**	–
End of financial year	**–**	279
Net book value		
End of financial year	**–**	3,000

The investment property is leased to a non-related party under operating lease.

The following amounts are recognised in profit and loss:

	Group	
	2017	**2016**
	$'000	**$'000**
Rental income	**70**	58
Direct operating expenses arising from:		
– Investment property that generate rental income	**10**	14
– Investment property that do not generate rental income	**4**	11

At the balance sheet date, the detail of the Group's investment property is as follows:

Location	**Description/ existing use**	**Tenure**	**Lettable area (Sq m)**
608 Telok Blangah Road, #08-01[1]	Condominium	Freehold	160

(1) The property was granted the Temporary Occupation Permit ("TOP") on September 2015 and obtained the Strata Certificate of Title on May 2016.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

17 Investment property (continued)

Fair value hierarchy – Recurring fair value measurements

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1) $'000**	**Significant other observable inputs (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**
31 December 2016			
– Condominium	–	3,000	–

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's property has been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square metre.

Valuation processes of the Group

The management reviews and analyses the valuation of the investment property required for financial reporting purposes, including Level 2 fair values. Discussions of valuation processes and results are held between the Board of Directors on a yearly basis.

The fair value of the investment property was measured based on the highest and best use method to reflect the actual market circumstances as of the end of financial year.

For financial year ended 31 December 2016, the fair values were based on valuations made by Knight Frank Pte Ltd, a firm of independent professional valuers. The firm holds recognised and relevant professional qualification with sufficient experience in the location and category of the investment property being valued. The valuation technique used was market approach.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

18 Property, plant and equipment

	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
2017						
Cost						
Beginning of financial year	**254**	**136**	**498**	**49**	**534**	**1,471**
Additions	**74**	**65**	**137**	**2**	**–**	**278**
Disposal of subsidiary corporation (Note 12)	**(258)**	**(201)**	**(555)**	**(49)**	**(534)**	**(1,597)**
Disposals	**(2)**	**–**	**(80)**	**–**	**–**	**(82)**
Write-off	**(68)**	**–**	**–**	**(1)**	**–**	**(69)**
End of financial year	**–**	**–**	**–**	**1**	**–**	**1**
Accumulated depreciation						
Beginning of financial year	**185**	**71**	**303**	**16**	**78**	**653**
Depreciation charge	**76**	**9**	**74**	**5**	**107**	**271**
Disposal of subsidiary corporation (Note 12)	**(193)**	**(80)**	**(297)**	**(21)**	**(185)**	**(776)**
Disposals	**(2)**	**–**	**(80)**	**–**	**–**	**(82)**
Write-off	**(66)**	**–**	**–**	*****	**–**	**(66)**
End of financial year	**–**	**–**	**–**	*****	**–**	*****
Net book value						
End of financial year	**–**	**–**	**–**	**1**	**–**	**1**
2016						
Cost						
Beginning of financial year	273	215	469	27	–	984
Additions	6	71	102	27	534	740
Disposals	–	–	(36)	–	–	(36)
Write-off	(25)	(150)	(37)	(5)	–	(217)
End of financial year	254	136	498	49	534	1,471
Accumulated depreciation						
Beginning of financial year	146	213	314	16	–	689
Depreciation charge	64	6	62	4	78	214
Disposals	–	–	(36)	–	–	(36)
Write-off	(25)	(148)	(37)	(4)	–	(214)
End of financial year	185	71	303	16	78	653
Net book value						
End of financial year	69	65	195	33	456	818

** Less than $1,000*

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

19 Trade and other payables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables – non-related parties	**–**	864	**–**	–
Other payables				
– non-related parties	**98**	219	**64**	29
– joint venture	**–**	358	**–**	–
Advance rental income received	**–**	6	**–**	–
Accruals for operating expenses	**110**	443	**55**	60
	208	1,890	**119**	89

Other payables due to joint venture, PT Spektrum Megah Jaya, are unsecured, interest free and repayable on demand. The Company has ceased to have any interest in PT Spektrum Megah Jaya following the disposal of SMJ Furnishings (S) Pte Ltd which hold 100% shareholding interest in PT Spektrum Megah Jaya.

20 Borrowings

	Group	
	2017	**2016**
	$'000	**$'000**
Current		
Bank borrowings – trust receipts	**–**	2,031

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
6 months or less	**–**	2,031

<u>Security granted for financial years ended 31 December 2017 and 2016</u>

The Company issued corporate guarantees of $7,130,000 to secure the bank borrowings of the former subsidiary corporation, SMJ Furnishing (S) Pte Ltd. The corporate guarantees have been discharged on 16 January 2018 following the disposal of the subsidiary corporation.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

21 Deferred government grant

	Group	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**29**	57
Recognised in profit and loss during the financial year	**(29)**	(28)
End of financial year	**–**	29

Government grant relates to grant received from SPRING Singapore pertaining to the Group's new accounting software.

22 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined before and after appropriate offsetting, are shown on the balance sheet as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Deferred income tax liabilities, representing accelerated tax depreciation		
– To be settled after one year	**–**	1

Movement in deferred income tax account is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Beginning of financial year	**1**	29
Tax charge to profit or loss (Note 9)	**–**	(28)
Disposal of subsidiary corporation (Note 12)	**(1)**	–
End of financial year	**–**	1

NOTES TO **THE FINANCIAL STATEMENTS**
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23 Share capital

Group and Company	Number of shares '000	Issued and paid-up share capital $'000
2017		
Beginning and end of financial year	**78,000**	**6,365**
2016		
Beginning and end of financial year	78,000	6,365

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

24 Currency translation reserve

Movement in currency translation reserve is as follows:

	Group	
	2017 $'000	2016 $'000
Beginning of financial year	**–**	–
Net currency translation differences of financial statements of foreign subsidiary corporation	**53**	–
End of financial year	**53**	–

25 Retained profits/(Accumulated losses)

(a) Retained profits of the Group and the Company are distributable.

(b) Movement in retained profits/(accumulated losses) for the Company are as follows:

	2017 $'000	2016 $'000
Beginning of financial year	**(315)**	8
Net profit/(loss)	**9,929**	(66)
Dividends paid (Note 26)	**–**	(257)
End of financial year	**9,614**	(315)

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

26 Dividends

	Group	
	2017	**2016**
	$'000	**$'000**
Ordinary dividends paid		
Final dividend paid in respect of previous financial year of nil (2016: 0.33 cents) cents per share	–	257

27 Contingencies

Contingent liabilities

(i) Contingent liabilities, of which the probability of settlement is remote at the balance sheet date, are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Performance guarantees	–	568

(ii) During the financial year, the Company has issued corporate guarantees amounting up to $7,130,000 to a bank for borrowings of its former subsidiary corporation, SMJ Furnishings (S) Pte Ltd. These bank borrowings of the former subsidiary corporation amounted to $2,160,000 (2016: $2,031,000) as at the balance sheet date.

The Company has evaluated the fair values of the corporate guarantees and the consequential liabilities derived from its guarantee to the bank with regards to the former subsidiary corporation are minimal. The former subsidiary corporation for which the guarantee was provided is in favourable equity position, with no default in the payment of borrowings and credit facilities.

The corporate guarantees have been discharged on 16 January 2018 following the disposal of the former subsidiary corporation.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

28 Commitments

(a) Operating lease commitments – where the Group is a lessee

The Group leases office and warehouse spaces from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**120**	889
Between one and five years	**120**	226
	240	1,115

(b) Operating lease commitments – where the Group is a lessor

The Group lease out investment property to a non-related party under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Not later than one year	**–**	12

29 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(a) *Market risk*

(i) *Currency risk*

The Group operates in Singapore and People's Republic of China but regularly transacts in currencies other than its functional currency due to the wide geographical spread of sales. Currency risk arises in the Group when transactions are denominated in foreign currencies such as United States Dollars ("USD") and Chinese Renminbi ("RMB").

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RMB $'000	Total $'000
At 31 December 2017				
Financial assets				
Cash and bank balances	**991**	**3**	**612**	**1,606**
Trade and other receivables	**14,897**	**–**	**267**	**15,164**
Receivables from subsidiary corporations	**1,062**	**–**	**–**	**1,062**
	16,950	**3**	**879**	**17,832**
Financial liabilities				
Trade and other payables	**130**	**–**	**78**	**208**
Payables to immediate and ultimate holding corporation	**1,062**	**–**	**–**	**1,062**
	1,192	**–**	**78**	**1,270**
Net financial assets	**15,758**	**3**	**801**	**16,562**
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	**–**	**3**	**801**	**804**

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	RMB $'000	Total $'000
At 31 December 2016				
Financial assets				
Cash and bank balances	5,887	305	–	6,192
Trade and other receivables	2,966	2,194	–	5,160
Receivables from subsidiary corporations	1,120	3	–	1,123
	9,973	2,502	–	12,475
Financial liabilities				
Trade and other payables	1,017	867	–	1,884
Borrowings	–	2,031	–	2,031
Payables to immediate and ultimate holding corporation	1,120	3	–	1,123
	2,137	2,901	–	5,038
Net financial assets/(liabilities)	7,836	(399)	–	7,437
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	–	(399)	–	(399)

The Company is not exposed to currency risk as all its financial assets and liabilities as at 31 December 2017 and 2016 are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

If the USD and RMB change against the SGD by 7.8% (2016: 1.7%) and 1.4% (2016: nil) with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset that are exposed to currency risk will be as follows:

	Increase/(decrease) Profit after tax	
	2017	**2016**
	$'000	**$'000**
USD against SGD		
– Strengthened	*****	(6)
– Weakened	*****	6
RMB against SGD		
– Strengthened	**(9)**	–
– Weakened	**9**	–

(ii) *Price risk*

The Group does not have exposure to equity price risk as it does not hold any equity financial assets.

(iii) *Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from borrowings at floating interest rate. The Group manages its interest rate risk by keeping bank loans to the minimum required to sustain the operations of the Group.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in USD and RMB. If the USD and RMB interest rates had been higher/lower by 0.50% (2016: 0.50%) with all other variables including tax rate being held constant, the impact to profit after tax as a result of higher/lower interest expense on these borrowings is not significant.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(b) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and bank balances and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

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

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Corporate guarantees provided to bank on subsidiary corporation's borrowings	**7,130**	7,130

The corporate guarantees have been discharged on 16 January 2018 following the disposal of the subsidiary corporation, SMJ Furnishings (S) Pte Ltd as disclosed in Note 10.

The trade receivables of the Group comprise 2 debtors (2016: 2 debtors) that individually represented 38% – 46% (2016: 5% – 30%) of trade receivables.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The credit risk of trade receivables based on the information provided to key management is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
By geographical areas		
China	**267**	–
Hong Kong	**–**	52
Indonesia	**–**	1,954
Malaysia	**–**	159
Singapore	**–**	2,622
Philippines	**–**	113
Other countries	**–**	184
	267	5,084

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Past due less than 3 months	**–**	1,461
Past due over 3 months	**–**	2,989
	–	4,450

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables		
Gross amount	**–**	200
Less: Allowance for impairment	**–**	(200)
	–	–
Beginning of financial year	**200**	51
Allowance made	**649**	175
Allowance written back	**(66)**	(15)
Allowance utilised	**(33)**	(11)
Disposal of subsidiary corporation (Note 12)	**(750)**	–
End of financial year (Note 13)	**–**	200

An allowance for impairment for trade receivables amounting to $649,000 (2016: $175,000) and a write-off of certain trade receivables amounting to $19,000 (2016: $14,000) has been made to the profit or loss, as recoverability is determined to be low because the customers or debtors are in financial difficulties and payments are not forthcoming.

NOTES TO **THE FINANCIAL STATEMENTS**
For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 20). At the balance sheet date, assets held by the Group for managing liquidity risk included cash and bank balances as disclosed in Note 12.

Management monitors rolling forecasts of the liquidity reserve (comprises undrawn borrowing facility and cash and bank balances (Note 12) of the Group and the Company on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Board of Directors.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000
Group	
At 31 December 2017	
Trade and other payables	**208**
At 31 December 2016	
Trade and other payables	1,884
Borrowings	2,031

NOTES TO **THE FINANCIAL STATEMENTS**
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29 Financial risk management (continued)

Financial risk factors (continued)

(c) *Liquidity risk (continued)*

	Less than 1 year $,000
Company	
At 31 December 2017	
Other payables	**119**
At 31 December 2016	
Other payables	89
Financial guarantee contracts	2,031

(d) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on gearing ratio, and the Board of Directors monitors the Group's equity ratio on a periodic basis.

The gearing ratio is calculated as net debt divided by total capital. Net debt/(assets) is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt/(assets).

	Group	
	2017 $'000	**2016 $'000**
Net assets	**(1,398)**	(2,271)
Total equity	**16,413**	16,378
Total capital	**15,015**	14,107
Gearing ratio	**n/m**	n/m

n/m – not meaningful

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2017 and 2016.

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

29 Financial risk management (continued)

Financial risk factors (continued)

(e) Fair value measurements

The assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

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

(ii) 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) (Level 2); and

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

The carrying amounts less allowance for impairment of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of current borrowings approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		**Company**	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables	**16,770**	11,352	**16,061**	2,585
Financial liabilities at amortised cost	**208**	3,915	**119**	89

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

30 Related party transactions

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

(a) Management fee

	Group	
	2017	**2016**
	$'000	**$'000**
Management services to subsidiary corporations	**67**	–

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Directors		
Wages and salaries	**531**	482
Employer's contribution to defined contribution plan, including Central Provident Fund	**48**	40
	579	522
Other key management personnel		
Wages and salaries	**431**	267
Employer's contribution to defined contribution plan, including Central Provident Fund	**89**	39
	520	306
	1,099	828

(c) Sale of subsidiary corporation

	Group	
	2017	**2016**
	$'000	**$'000**
Sale of subsidiary corporation	**13,800**	–

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

31 Segment information

The Group's chief operating decision-maker ("CODM") comprises of the Chief Executive Officer and Executive Directors. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources and assess performance.

The Chief Executive Officer and Executive Directors consider the business from both geographical and business segment perspectives. From a business segment perspective, following the deconsolidation of SMJ Furnishings, the Group's continuing operations derives its revenue solely from Consultancy services, i.e. provision of consultancy services for hotels or resorts. Other service within Singapore mainly relates to investment holding and is not included within the reportable operations segments as it is not included in the segment reports provided to the Executive Chairman and Executive Directors. The result of its operations is included under "HQ and other investing activities".

During the financial year ended 31 December 2017, the Group has disposed of the carpet business under SMJ Furnishings (S) Pte Ltd. Hence, management has classified the carpet business as "Discontinued operations". As a result of the reclassification, the Group has restated the business segments for financial year ended 31 December 2016 to reflect the newly reportable segments and to align with current financial year's presentation.

The segment information provided to the CODM for the reportable segments are as follows:

	Discontinued operations		**Continuing operations**					
	Carpet Division		**Consultancy Services Division**		**HQ and other investing activities**		**Total**	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Segment Revenue	**16,743**	16,294	**1,118**	–	**–**	–	**17,861**	16,294
Adjusted EBITDA	**1,252**	952	**754**	(12)	**(265)**	(391)	**1,741**	549
Allowance for impairment of trade and other receivables – net	**584**	160	**–**	–	**–**	–	**584**	160
Depreciation	**337**	269	**–**	–	**–**	–	**337**	269
Income tax expense	**7**	17	**188**	–	**–**	–	**195**	17
Finance costs	**68**	76	**–**	–	**–**	–	**68**	76
Interest income	**(38)**	(47)	**–**	–	**(3)**	(25)	**(41)**	(72)
Bad debts written off/ (recovered)	**19**	(24)	**–**	–	**–**	–	**19**	(24)
Inventories written off	**79**	199	**–**	–	**–**	–	**79**	199
Inventories written down	**366**	119	**–**	–	**–**	–	**366**	119
Impairment loss on investment property	**45**	224	**–**	–	**–**	–	**45**	224

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

31 Segment information (continued)

	Discontinued operations		Continuing operations					
	Carpet Division		Consultancy Services Division		HQ and other investing activities		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Segment assets	**–**	18,800	**1,774**	19	**15,036**	1,519	**16,810**	20,338
Segment assets includes:								
Investment in joint venture	**–**	359	**–**	–	**–**	–	**–**	359
Additions to:								
– property, plant and equipment	**–**	740	**1**	–	**–**	–	**1**	740
– investment property	**–**	478	**–**	–	**–**	–	**–**	478
Segment liabilities	**–**	3,863	**278**	8	**119**	89	**397**	3,960

Sales between segments are carried out at market terms. The revenue from external parties reported to the CODM is measured consistent with that in the statement of comprehensive income.

The CODM assesses the performance of the operating segments based on a measure of earnings before interest, tax and depreciation ("Adjusted EBITDA). This measure basis excludes the effects of expenditure from the operating segments such as impairment loss that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

(a) Reconciliations

(i) Segment profits

A reconciliation of adjusted EBITDA to profit before tax and discontinued operations is as follows:

	2017 $'000	2016 $'000
Adjusted EBITDA for reportable segments	**753**	(12)
Adjusted EBITDA for other segments	**(265)**	(391)
Interest income	**3**	25
	491	(378)

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

31 Segment information (continued)

(a) Reconciliations (continued)

(ii) Segment assets

The amounts reported to the Board of Directors with respect to the total assets are measured in a manner consistent with that of the financial statements. Hence, no reconciliation is provided.

(iii) Segment liabilities

The amounts reported to the Board of Directors with respect to the total liabilities are measured in a manner consistent with that of the financial statements. Hence, no reconciliation is provided.

(b) Revenue for major products and services

Revenue from external customers are derived from the sale of goods under carpet business segment and rendering of services under consultancy service segment as disclosed above.

(c) Geographical information

The Group's business segments generated its revenue from the following main geographical areas based on customers' locations:

	Discontinued operations		Continuing operations					
	Carpet Division		Consultancy Services Division		HQ and other investing activities		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Revenue								
China	**–**	–	**1,118**	–	**–**	–	**1,118**	–
Singapore	**11,179**	9,765	**–**	–	**–**	–	**11,179**	9,765
Philippines	**3,046**	3,594	**–**	–	**–**	–	**3,046**	3,594
Malaysia	**574**	457	**–**	–	**–**	–	**574**	457
Indonesia	**1,289**	1,477	**–**	–	**–**	–	**1,289**	1,477
Others	**655**	1,001	**–**	–	**–**	–	**655**	1,001
	16,743	16,294	**1,118**	–	**–**	–	**17,861**	16,294
Non–current assets								
China	**–**	–	**882**	–	**–**	–	**882**	–
Singapore	**–**	18,800	**892**	19	**15,036**	1,519	**15,928**	20,338
	–	18,800	**1,774**	19	**15,036**	1,519	**16,810**	20,338

Revenue of approximately $3,046,000 (2016: $3,439,000) is derived from a single external customer.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2017

32 Events occurring after balance sheet date

On 16 January 2018, the Group completed the disposal of 100% of the Group's shareholdings in SMJ Furnishings (S) Pte Ltd for a cash consideration of approximately $13,800,000.

On 7 February 2018, the Group announced that the risk and rewards associated with the Sale Shares and control over SMJ Furnishings shall be transferred with effect from 31 December 2017. The Company has presented separately the financial result of SMJ Furnishings in the consolidated income statement as discontinued operations as at 31 December 2017.

33 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the accounting periods beginning on or after 1 January 2018 or later periods and which the Group has not early adopted:

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 Financial Instruments
- Amendments to FRS 40 Transfers of Investment Property
- Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers
- INT FRS 122 Foreign Currency Transactions and Advance Consideration
- Improvements to FRSs (December 2016)
  - Amendments to FRS 28 Investments in Associates and Joint Ventures
  - Amendments to FRS 101 First-Time Adoption of Financial Reporting Standards

- FRS 115 Revenue from Contracts with Customers

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the goods or services. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO **THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 December 2017

33 New or revised accounting standards and interpretations (continued)

Effective for annual periods beginning on or after 1 January 2018 (continued)

- FRS 115 Revenue from Contracts with Customers (continued)

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements.

Effective for annual periods beginning on or after 1 January 2019

- Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*
- Amendments to FRS 109 *Prepayment Features with Negative Compensation*
- INT FRS 123 *Uncertainty over Income Tax Treatments*

- FRS 116 *Leases*

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $1,115,000 (Note 27(b)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Effective date: to be determined

- Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its *Associate or Joint Venture*

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2017

34 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018 in April 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also apply new major SFRS(I) equivalent of IFRS 15 Revenue from Contracts with Customers.

The management does not expect significant adjustments to the Group's financial statements arising from the adoption of SFRS(I) on the Group's financial statements.

35 Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors of SMJ International Holdings Ltd. on 22 March 2018.

STATISTICS OF **SHAREHOLDINGS**
as at 15 March 2018

SHARE CAPITAL

Issued and fully paid capital	– S$7,420,100		Class of shares	– Ordinary shares
Total number of shares in issue	– 78,000,000		Voting rights	– 1 vote per share
Number of treasury shares and subsidiary holdings held	– Nil			

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 26.84% of the issued ordinary shares of the Company were held in the hands of the public as at 15 March 2018 and therefore Rule 723 of the Catalist Rules is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	6	2.96	3,100	0.00
1,001 – 10,000	55	27.09	371,600	0.48
10,001 – 1,000,000	134	66.01	12,501,300	16.03
1,000,001 and above	8	3.94	65,124,000	83.49
TOTAL	**203**	**100.00**	**78,000,000**	**100.00**

STATISTICS OF **SHAREHOLDINGS**

as at 15 March 2018

TWENTY LARGEST SHAREHOLDERS

S/N	Name	Number of Shares	%
1	Zhang Tianbao	23,361,000	29.95
2	Ho Pei Yuen Rena	12,800,000	16.41
3	Ho Wan Jing Nellie	12,800,000	16.41
4	Yang Wei	5,599,000	7.18
5	Hafary Holdings Limited	3,780,000	4.85
6	Peng Weile	2,500,000	3.21
7	Maybank Kim Eng Securities Pte. Ltd.	2,149,000	2.76
8	UOB Kay Hian Private Limited	2,135,300	2.74
9	ABN AMRO Clearing Bank N.V.	788,400	1.01
10	Raffles Nominees (Pte) Limited	749,900	0.96
11	Low Kok Ann	690,000	0.88
12	Ramesh S/O Pritamdas Chandiramani	600,000	0.77
13	DBS Nominees (Private) Limited	376,000	0.48
14	Julia Tan Ching Hua (Julia Chen Qinghua)	349,000	0.45
15	Chng Lay Guat	300,000	0.38
16	Lui Wing Loon	280,000	0.36
17	Oh Eng Bin (Hu Rongming)	239,000	0.31
18	Tan Chay Long	230,000	0.29
19	Lim Boon Hwee	220,000	0.28
20	Teo Kye Hwee Tony	217,000	0.28
	TOTAL	**70,163,300**	**89.96**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	Number of Shares	%	Number of Shares	%
Zhang Tianbao	23,361,000	29.95	–	–
Ho Pei Yuen Rena[(1)]	12,800,000	16.41	–	–
Ho Wan Jing Nellie[(1)]	12,800,000	16.41	–	–
Yang Wei	5,599,000	7.18	–	–

Notes:

(1) Ho Pei Yuen Rena and Ho Wan Jing Nellie are sisters.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of **SMJ INTERNATIONAL HOLDINGS LTD.** (the "**Company**") will be held at 4 Shenton Way #17-01 SGX Centre 2, Singapore 068807 on Thursday, 26 April 2018 at 10:00 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of additional Directors' fees of $6,666.70 for the financial year ended 31 December 2017. **(Resolution 2)**
(see explanatory note 1)

3. To approve the payment of Directors' fees of $160,000 for the financial year ending 31 December 2018, to be paid half-yearly in arrears. (2017: $116,666.70) **(Resolution 3)**

4. To re-elect Mr Chow Wen Kwan Marcus, a Director retiring pursuant to the Company's Constitution. **(Resolution 4)**
(see explanatory note 2)

5. To re-elect Mr Chong Soo Hoon Sean, a Director retiring pursuant to the Company's Constitution. **(Resolution 5)**
(see explanatory note 3)

6. To re-elect Ms Ho Pei Yuen Rena, a Director retiring pursuant to the Company's Constitution. **(Resolution 6)**

7. To re-elect Mr Peng Fei, a Director retiring pursuant to the Company's Constitution. **(Resolution 7)**

8. To re-elect Mr Peng Weile, a Director retiring pursuant to the Company's Constitution. **(Resolution 8)**

9. To re-elect Mr Ng Tiang Hwa, a Director retiring pursuant to the Company's Constitution. **(Resolution 9)**
(see explanatory note 4)

10. To re-elect Ms Ho Wan Jing Nellie, a Director retiring pursuant to the Company's Constitution. **(Resolution 10)**

11. To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 11)**

NOTICE OF **ANNUAL GENERAL MEETING**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

12. That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and Rule 806 of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors be authorised and empowered to: **(Resolution 12)**

(a) (i) allot and 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) options, warrants, debentures or other instruments convertible into Shares,

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

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

provided that:

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF **ANNUAL GENERAL MEETING**

(2) (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 (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) at the time of the passing of this Resolution, after adjusting for:

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

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(see explanatory note 5)

13. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Peng Fei
Executive Director and CEO

4 April 2018
Singapore

NOTICE OF **ANNUAL GENERAL MEETING**

Explanatory Notes:

1. The shareholders of the Company had approved the payment of Directors' fees of $110,000 for the financial year ended 31 December 2017 at the annual general meeting of the Company held on 10 April 2017. The additional Directors' fees of S$6,666.70 are payable to Mr Peng Fei for the increment when he was still a non-executive Director from 1 September 2017 to 31 December 2017 on a pro rata basis.

2. Mr Chow Wen Kwan Marcus will, upon re-election as a Director, remain as the Chairman of the Board of Directors Committee and the Nominating Committee and a member of the Remuneration Committee and Audit Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

3. Mr Chong Soo Hoon Sean will, upon re-election as a Director, remain as the Chairman of Remuneration Committee and a member of the Audit Committee and Nominating Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules

4. Mr Ng Tang Hwa will, upon re-election as a Director, remain as the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

5. The Ordinary Resolution proposed in item 12 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares), of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.

Notes:

(i) (a) A member of the Company entitled to attend and vote at the AGM and who is not a relevant intermediary may appoint not more than two proxies to attend and vote in his/her stead.

(b) A member of the Company entitled to attend and vote at the AGM and who is a relevant intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by such member.

"relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(ii) A proxy need not be a member of the Company.

(iii) If a proxy is to be appointed, the instrument appointing a proxy must be deposited at the registered office of the Company at 80 Raffles Place #11-20 UOB Plaza 2, Singapore 048624 not later than 48 hours before the time appointed for holding the AGM.

(iv) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

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

NOTICE OF **ANNUAL GENERAL MEETING**

Personal Data Privacy:

"Personal data" in this notice of AGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative'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 express 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, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. Your personal data and your proxy and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share register and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Sponsor's Statement:

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #02-05 Hong Leong Building, Singapore 048581, telephone +65 6415 9886.

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SMJ INTERNATIONAL HOLDINGS LTD.
(Company Registration Number 201334844E)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS Investors**") may attend and cast their votes at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the SRS Investors shall be precluded from attending the AGM.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________________ (Name) ____________________ (*NRIC/Passport/Registration No.)

of ____ (Address)

being a *member/members of SMJ International Holdings Ltd. (the "**Company**"), hereby appoint:

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

*and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Annual General Meeting ("**AGM**") of the Company as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held at 4 Shenton Way #17-01 SGX Centre 2, Singapore 068807 on Thursday, 26 April 2018 at 10.00 a.m. and at any adjournment thereof.

No.	**Resolutions relating to:**	**No. of Votes For**	**No. of Votes Against**
Ordinary Business			
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2017 together with the Independent Auditor's Report thereon.		
2.	To approve the payment of additional Directors' fees of $6,666.70 for the financial year ended 31 December 2017.		
3.	To approve the payment of Directors' fees of $160,000 for the financial year ending 31 December 2018, to be paid half-yearly in arrears.		
4.	To re-elect Mr Chow Wen Kwan Marcus, a Director retiring pursuant to the Company's Constitution.		
5.	To re-elect Mr Chong Soo Hoon Sean, a Director retiring pursuant to the Company's Constitution.		
6.	To re-elect Ms Ho Pei Yuen Rena, a Director retiring pursuant to the Company's Constitution.		
7.	To re-elect Mr Peng Fei, a Director retiring pursuant to the Company's Constitution.		
8.	To re-elect Mr Peng Weile, a Director retiring pursuant to the Company's Constitution.		
9.	To re-elect Mr Ng Tiang Hwa, a Director retiring pursuant to the Company's Constitution.		
10.	To re-elect Ms Ho Wan Jing Nellie, a Director retiring pursuant to the Company's Constitution.		
11.	To re-appoint Nexia TS Public Accounting Corporation as auditor of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
12.	To authorise the Directors to allot and issue shares and convertible securities.		

(Please indicate your vote 'For' or 'Against' with a tick [√] within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM.)

Dated this ____________ day of ______________________ 2018

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

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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the AGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. 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.

   "relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the Company's registered office at 80 Raffles Place, #11-20, UOB Plaza, Singapore 048624 not less than 48 hours before the time appointed for the AGM.

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

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

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

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

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 4 April 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chow Wen Kwan Marcus
Independent Non-Executive Chairman

Peng Fei
Executive Director and Chief Executive Officer

Peng Weile
Executive Director

Ng Tiang Hwa
Independent Director

Chong Soo Hoon Sean
Independent Director

Ho Pei Yuen Rena
Non-Executive Director

Ho Wan Jing Nellie
Non-Executive Director

AUDIT COMMITTEE

Ng Tiang Hwa
Chairman

Chong Soo Hoon Sean

Chow Wen Kwan Marcus

REMUNERATION COMMITTEE

Chong Soo Hoon Sean
Chairman

Ng Tiang Hwa

Chow Wen Kwan Marcus

NOMINATING COMMITTEE

Chow Wen Kwan Marcus
Chairman

Chong Soo Hoon Sean

Ho Pei Yuen Rena

COMPANY SECRETARY

Ong Wei Jin, LL.B. (Hons)

Teo Li Mei, LL.B. (Hons)

SHARE REGISTRAR

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

SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#02-05 Hong Leong Building
Singapore 048581

AUDITOR

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-in-charge: Philip Tan Jing Choon
(Appointed since the financial year ended
31 December 2014)

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

80 Raffles Place
#11-20 UOB Plaza 2
Singapore 048624

SMJ INTERNATIONAL HOLDINGS LTD
(Incorporated in the Republic of Singapore on 31 December 2013)
(Company Registration Number: 201334844E)

80 Raffles Place, UOB Plaza 2 #11-20,
Singapore 048624
T: (65) 6532-3006 F: (65) 6532-3007