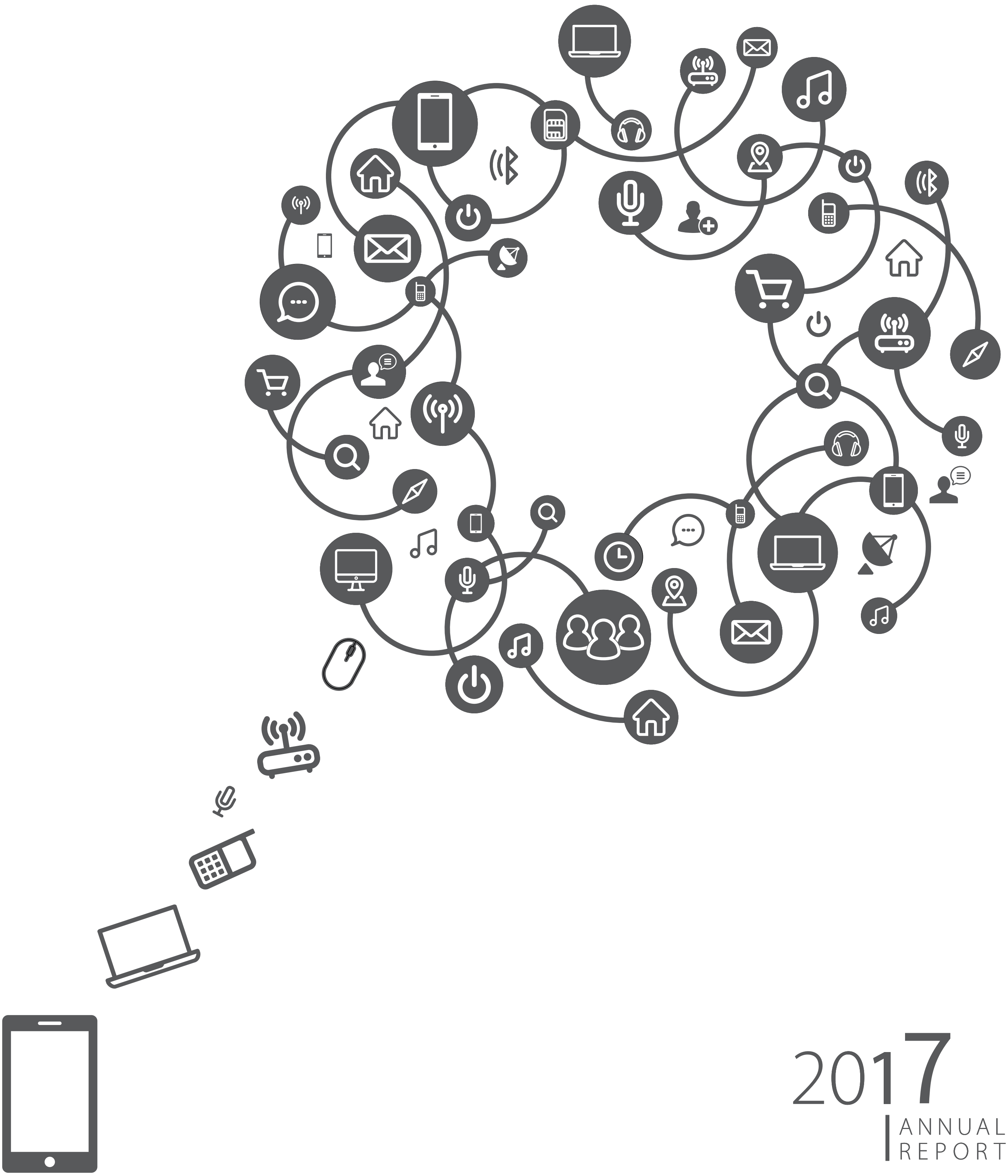
polaris



2017
ANNUAL
REPORT

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Disclaimer

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

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

LETTER TO SHAREHOLDERS

Dear valued Shareholders,

Developments in FY2017

Time flies and another challenging year is over. Thank you again for the continued support. In 2017, we have strengthened our building blocks in Singapore with the Singtel retail business, Dyson customer services and Makeblock distribution. We have also made our presence felt in Myanmar with the enhancement of our e-city retail chain and in the Philippines with Vivo Mobile distribution through Polaristitans.

With our Singtel retail business, we have transformed the Nex Mall outlet to E Lite and the Kovan Mall outlet to E Basic. This gave our outlets a refreshing image boost and in return, improved our efficiency and returns in these outlets. Our Dyson customer service has grown into a full-fledged customer service centre with full time call centre agents, on-site and off-site service technicians with their service van making trips around the island to meet customer demands. Polaris was made the sole Distributor of Makeblock in Singapore and has been actively participating in road shows and events conducted by Ministry of Education to enhance our presence in the educational sector.

In Myanmar, e-city has opened 2 new outlets during the year in Saint John and Kaba Aye. This has given e-city a real retail presence in this new emerging market. All e-city outlets will have similar and consistent identities and characteristics once renovation is completed. We carry 6 major mobile brands, 2 consignment accessory brands which demonstrates the function of IOT to our lifestyle in these outlets. In the Philippines, Polaristitans has been growing together with Vivo mobile that reached the number 2 position in the market. Additionally, we have finally closed our non-active subsidiary, namely Polaris Maju, and we are in the process of closing Polaris Culture and Polaris TMT.

Financial Review

The Group continued to focus on our core areas of business, as per the previous year. We recorded a turnover of $80.6 million for the year ended 31 December 2017, which translates into a 10.3% decrease year-on-year. The regional slowdown significantly affected our revenue. Nevertheless, due to the focus in driving the business in focal areas, we managed to reach a Net Profit After Tax of $988,000 for the twelve-month period ended 31 December 2017. Our heartfelt thanks and appreciation go out to the whole team who made this comeback possible and who stayed with us during this difficult period.

Future Prospects

We will continue to focus on running existing retail operations more efficiently and expanding investments to boost our e-commerce platform. The objectives are to lower our operating costs and enhance productivity, at the same time leveraging the changing consumer habits of online shopping. Having achieved a good foothold in the Philippines market, the Group will continue to provide them with support, and at the same time, focus on penetrating into other developing markets with our regional retail and distribution expansion plans. With a newly invested R&D Centre, we believe Dyson will persist to be a favourable household brand in Singapore with their innovative products, and we will continue to strive for excellence and better efficiency within the Service Centre. Makeblock will continue to be active in the educational sector, making its presence known by working closely with the Ministry of Education, Info-communications Media Development Authority (IMDA) and Early Childhood Development Agency (ECDA) on several projects. Additionally, we are enlarging our in-house capabilities to service the products that we sell, better equipping ourselves to build stronger relationships with our customers and suppliers.

In Appreciation

Finally, on behalf of the Board, we would like to take this opportunity to acknowledge and express our appreciation to the senior management, fellow directors and all staff for their dedication and commitment towards the Group. We would also like to thank our valued shareholders, business partners and associates who have given us staunch support throughout the year. We will continue to focus on elevating our business performance in the coming year, so as to create greater value for our stakeholders. With that, we look forward to your continued support in our journey towards excellence.

Carl Johan Pontus Soennerstedt
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS

Mr. Ong Kok Wah
Non-Executive Chairman

DATE OF APPOINTMENT AS DIRECTOR
20 May 2010
DATE OF LAST RE-ELECTION
30 April 2015
BOARD COMMITTEES SERVED ON
Member of Audit Committee since 5 February 2018
Chairman of Remuneration Committee since 5 February 2018
Chairman of Nominating Committee since 5 February 2018

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

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

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

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

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

Mr. Masahiko Yabuki
Independent Non-Executive Director

DATE OF APPOINTMENT AS DIRECTOR
5 February 2018
DATE OF LAST RE-ELECTION
-
BOARD COMMITTEES SERVED ON
Chairman of Audit Committee since 5 February 2018
Member of Remuneration Committee since 5 February 2018
Member of Nominating Committee since 5 February 2018

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

Since 2015, he has been CEO of MYNZ Co., Ltd., with a focus on consulting, business development and investments in Japan and Southeast Asia.

Between 2015 and 2017 he was also CEO & President of CloudMinds Japan K.K., a company connecting a broad ecosystem of robots and smart devices to Cloud AI.

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

Earlier in his career Mr. Yabuki served as Director and Country Manager of UTStarcom Japan K.K. between 2001 and 2004. He was the first employee of UTStarcom in Japan and was given the mission to establish the company and business in the market. During his tenure, one of Mr. Yabuki's key achievements was to secure business with SoftBank, through ADSL core equipment sales for the Yahoo! BB broadband service, digital access equipment, fiber transmission equipment and G-PON for FTTH project.

Mr. Yabuki began his career in Kanematsu Corporation, where he worked between 1982 and 2001. He was responsible for the business development of electric power and telecommunications projects in Asian countries. Towards the end of his career in Kanematsu Corporation, he was promoted to General Manager.

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

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

DATE OF APPOINTMENT AS DIRECTOR
5 May 2016
DATE OF LAST RE-ELECTION
28 April 2017
BOARD COMMITTEES SERVED ON
Member of Audit Committee since 5 May 2016
Member of Remuneration Committee since 5 Feb 2018
Member of Nominating Committee since 5 Feb 2018

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

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

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

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

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

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

CORPORATE PROFILE

Polaris Ltd. (“Polaris”) is a Singapore-based investment holding company and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited. Polaris is active in the distribution and retail of smart mobile devices and lifestyle products in Southeast Asia, with extensive operations in Singapore.

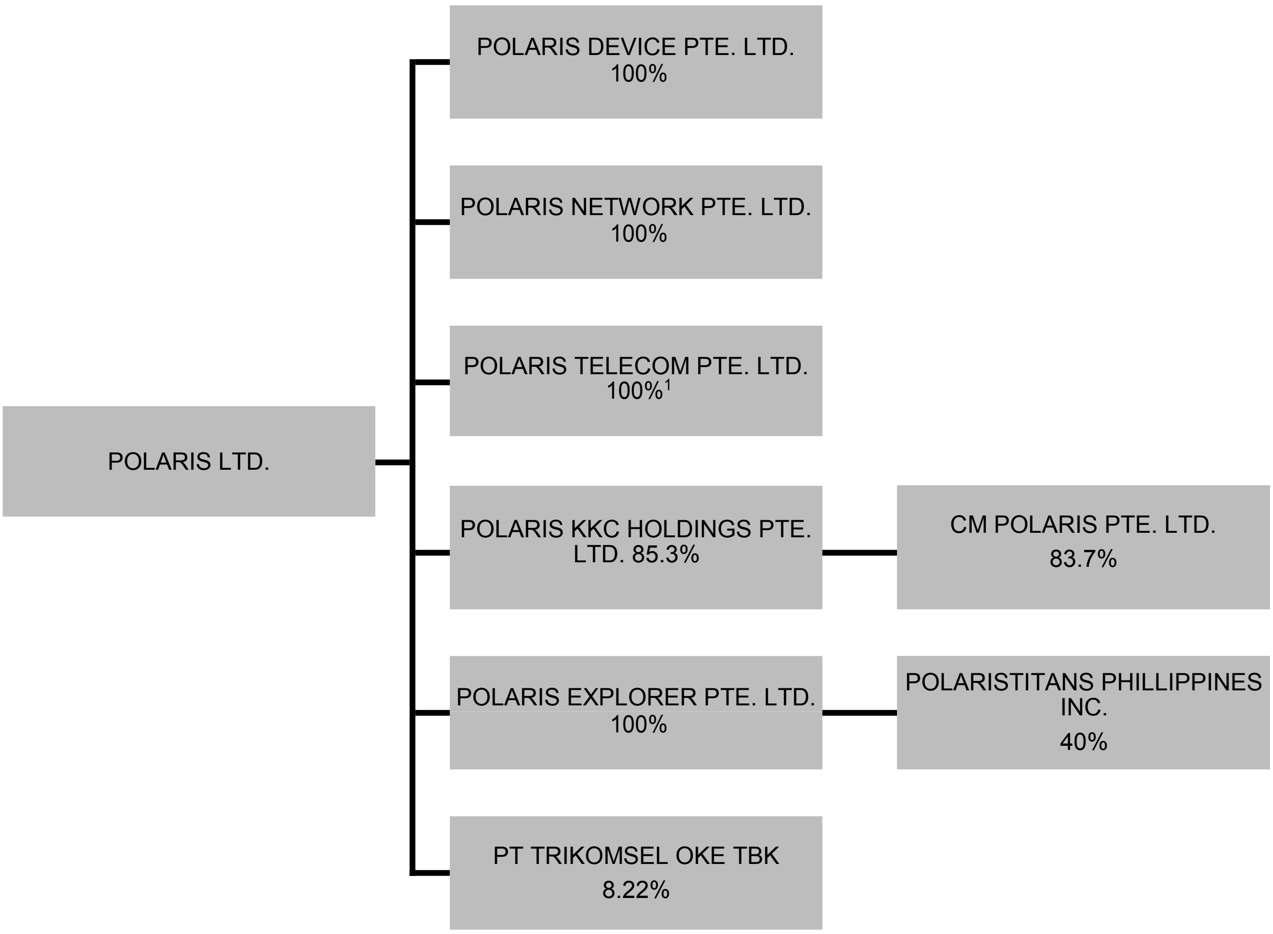
The Group is organised into business units based on its products and services.

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

The retail consumer electronics segment engages in the retail sale of IT and related products in Singapore. It offers a wide range of electronics products and services from reputable brand such as Apple and Dyson.

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

CORPORATE STRUCTURE



[1] *Refer to announcement made on the 28 February 2018.*

CORPORATE INFORMATION

Board of Directors

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

Mr Masahiko Yabuki
Independent Non-Executive Director

Mr Carl Johan Pontus Soennerstedt
Executive Director & CEO

Audit Committee

Mr Masahiko Yabuki
Chairman

Mr Ong Kok Wah

Mr Carl Johan Pontus Soennerstedt

Remuneration Committee

Mr Ong Kok Wah
Chairman

Mr Masahiko Yabuki

Mr Carl Johan Pontus Soennerstedt

Nominating Committee

Mr Ong Kok Wah
Chairman

Mr Masahiko Yabuki

Mr Carl Johan Pontus Soennerstedt

Company Secretary

Mr Shawn Chan Changyun

Registered Office

81 Ubi Avenue 4
#03-11 UB.One
Singapore 408830
Tel: +65 6309 9088
Fax: + 65 6305 0489
Website: WeArePolaris.Com

Solicitor

Morgan Lewis Stamford LLC
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Continuing Sponsor

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

Share Registrar

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

Independent Auditor

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

CORPORATE GOVERNANCE REPORT

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

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

BOARD MATTERS

The Board's Conduct of Affairs

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

Guidelines of the Code	The Company's Corporate Governance Practice
1.1	The Board's role is to: a. establish the overall business direction of the Group, with specific emphasis on business expansion and synergies; b. oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance, including safeguarding of shareholders' interests and the company's assets; c. approve major investment and divestment proposals, material acquisitions and disposal of assets, major corporate policies on key operations, annual budget, the release of the Group's quarterly and full year results and interested person transactions of a material nature; d. identify the key stakeholder groups and recognise that their perceptions affect the company's reputation; e. assume corporate governance practices directly or through the respective Committees; and f. consider sustainability issues e.g. environmental and social factors, as part of its strategic formulation.
1.2	All directors exercise due diligence and independent judgment, and are obliged to act in good faith as fiduciaries and consider at all times the best interests of the Company.
1.3	To assist the Board in executing its responsibilities, the Board has delegated specific functions to the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (together "**Board Committees**" and each a "**Board Committee**"). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. Minutes of the Board Committee meetings are available to all Board members.
1.4	The Board meets regularly, and has held meetings for particular and specific matters as and when required. The Company's Constitution allows a board meeting to be conducted by means of conference telephones or similar communications equipment. A record of the directors' attendance at meetings of Board and Board Committees for the financial year ended 31 December 2017 ("**FY2017**"), as well as frequency of such meetings, is set out in Table 1.
1.5	The Company has adopted a set of Approving Authority & Limit Guidelines ("**Guidelines**"), setting out the level of authorisation required for specified transactions, including those that require Board approval. Under the Guidelines, new investments or divestments and all commitments to banking facilities granted by financial institutions to the Company require the approval of the Board.
1.6	On directors' training, the Group has instituted an orientation program for new directors to familiarise them with the Group's core business and governance practices. Directors are also given an opportunity to visit the Group's operational facilities and meet with management staff (the "**Management**") to obtain a better

	understanding of the Group's history, business operations, policies, strategic plans and objectives. Directors and senior executives are encouraged to attend relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group's operations. All directors are provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the directors are competent in carrying out their expected roles and responsibilities. The directors are aware of the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. The Company has an on-going budget for all directors to attend appropriate courses, seminars and conferences for them to stay abreast of the relevant business developments. These include programmes run by the Singapore Institute of Directors or other training institutions.
1.7	A formal letter is sent to newly-appointed directors upon their appointment explaining their duties and obligations as directors. New directors, upon appointment, will also be briefed on their duties and obligations as directors. The directors are also informed of regulatory changes initiated by or affecting the Company.

TABLE 1 – ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS FOR FY2017

Name of Director	Board	AC	NC	RC
Ong Kok Wah	7/7	5/5	1/1	1/1
Masahiko Yabuki[1]	-	-	-	-
Carl Johan Pontus Soennerstedt	7/7	5/5	1/1	1/1
Ang Chuan Hui, Peter[2]	7/7	5/5	1/1	1/1
Juliana Julianti Samudro[3]	7/7	5/5*	1/1*	1/1*

**By invitation*

[1] Appointed as a Director with effect from 5 February 2018 [2] Resigned as a Director with effect from 28 February 2018 [3] Resigned as a Director with effect from 28 February 2018

Board Composition and Guidance

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

Guidelines of the Code	The Company's Corporate Governance Practice
2.1	The Board comprises three directors of whom two are independent non-executive directors (INEDs) and one is executive director (ED). Independent directors make up at least one-third of the Board. A summary of the current composition of the Board and its committee is set out in Table 2.
2.2	The Chairman of the Board and the Chief Executive Officer ("**CEO**") are not the same person. The Chairman of the Board is an independent director who is not part of the management team nor is he an immediate family member of the CEO.
2.3	The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director as well as the respective director's self-declaration in the statement of director's independence. The NC conducted its annual review of the directors' independence and was satisfied that the Company complies with the guidelines of the Code including the guideline that at least one-third of the Board is made up of independent directors. The Board has reviewed and confirmed the independence of the independent directors. There are no directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
2.4	The Company has no independent non-executive director who has served on the Board beyond nine years.

2.5	The Board has decided to expand its current size with an additional independent non-executive director, taking into account the nature and the scope of operations of the Group.
2.6	The Board recognises the importance of an appropriate balance and diversity of skills, experience, gender, knowledge and professional qualifications in building an effective Board. For this purpose, the NC reviews the Board's collective skills matrix regularly. The directors bring with them an appropriate balance and a broad range of expertise and experience, in areas such as business management, strategic planning, customer relationship and industry knowledge. The diversity of the directors' experiences allows for the useful exchange of ideas and views. The profile of all Board members is set out in the section entitled 'Board of Directors'. The Board is currently on the lookout for an additional non-executive director to bring an appropriate balance of gender, as well as broader range of expertise and experience.
2.7	The presence of non-executive directors is to assist in the development of proposals on strategy by constructively challenging Management. The non-executive directors also review the performance of Management in meetings.
2.8	Non-executive directors met at least once without the presence of Management in FY2017.

TABLE 2 – BOARD AND BOARD COMMITTEES AS AT THE DATE OF THIS REPORT

Name of Director	Board Membership	AC	NC	RC
Ong Kok Wah[1]	Independent / Non-Executive (Chairman)	Member	Chairman	Chairman
Masahiko Yabuki[2]	Independent/ Non-Executive	Chairman	Member	Member
Carl Johan Pontus Soennerstedt[3]	Executive	Member	Member	Member
Ang Chuan Hui, Peter[4]	Executive	-	-	-
Juliana Julianti Samudro[5]	Executive	-	-	-

[1] Appointed as Chairman of the Board with effect from 1 March 2018 as well as appointed as a member of the of the Audit Committee and Chairman of the Nominating and Remuneration Committees with effect from 5 February 2018

[2] Appointed as a Director, Chairman of the Audit Committee, a member of the Nominating and Remuneration Committee with effect from 5 February 2018

[3] Re-designated as Executive Director and appointed as Chief Executive Officer with effect from 1 March 2018 as well as appointed as a member of Nominating and Remuneration Committees with effect from 5 February 2018

[4] Resigned as a Director with effect from 28 February 2018

[5] Resigned as a Director with effect from 28 February 2018

Chairman and Chief Executive Officer

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

Guidelines of the Code	The Company's Corporate Governance Practice
3.1	The Board has adopted the recommendation of the Code to have separate persons appointed as Chairman and the CEO. This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The division of responsibilities between the Chairman and the CEO is clearly established, set out in writing and agreed by the Board. Additionally, the Board has disclosed that there is no relationship between the Chairman and the CEO as immediate family members. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual

	exercising any considerable power or influence. Further, the AC, RC and NC are chaired by independent directors.
3.2	Mr. Ong Kok Wah ("**Mr. Ong**") was appointed as director on 20 May 2010 and was re-designated as an independent director on 12 August 2010. Mr. Ong was appointed as Chairman of the Board (the "**Chairman**") on 1 March 2018. Mr. Ong is not related to the CEO and is not part of the management team. Mr. Carl Johan Pontus Soennerstedt ("**Mr. Soennerstedt**") fulfils the role of the CEO of the Company as part of the Company's plans for new direction of the Company. As Chairman, Mr. Ong is responsible for, amongst other things, exercising control over the quality, quantity and timeliness of the flow of information between the Management and the Board, and ensuring compliance with the Company's guidelines on corporate governance along with promoting high standards of corporate governance. The Chairman is also responsible for, amongst other things, leading the Board to ensure its effectiveness on all aspects of its role, effectively representing the Board to the shareholders, ensuring that Board meetings are held when necessary, setting the Board meeting agenda in consultation with the Company Secretary, facilitating the effective contribution of non-executive directors and maintaining regular dialogue with the Management on all operational matters. At annual general meetings and other shareholders' meetings, the Chairman ensures constructive dialogue between shareholders, the Board and the Management. The Chairman also promotes a culture of openness and debate at the Board, ensuring that the directors receive complete, adequate and timely information, and facilitates the effective contribution of non-executive directors in particular.
3.3 & 3.4	There is no necessity to appoint a lead independent director because: a. the Chairman and the CEO are not the same person; b. the Chairman and the CEO are not immediate family members; c. the Chairman is not part of the management team; and d. the Chairman is an independent director.

Board Membership

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

Guidelines of the Code	The Company's Corporate Governance Practice
4.1 & 4.2	The NC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. The NC meets at least once a year. The members of the NC are as follows: 1. Mr. Ong Kok Wah (Chairman, INED) 2. Mr. Masahiko Yabuki (INED) 3. Mr. Carl Johan Pontus Soennerstedt (ED) The principal function of the NC is to recommend to the Board to establish a formal and transparent process for: a. reviewing nominations of new director appointments based on selection criteria such as the nominee's credentials and his/her skills and contributions required by the Company; b. reviewing and recommending to the Board the re-election of directors in accordance with the Company's Constitution;

	c. deciding whether a director is able to and has adequately carried out his/her duties as a director of the Company, in particular whether the directors concerned have multiple board representations or if they are in conflict with the interest of the Company; and d. deciding how the performance of the Board, its board committees and directors may be evaluated and propose objective performance criteria.
4.3	The NC is also in charge of determining annually whether a director is "independent", guided by the guidelines contained in the Code. The NC reviews annually the independence declarations made by the Company's independent non-executive directors based on the criterion of independence under the guidelines provided in the Code. The NC has reviewed the independence of each director for FY2017 in accordance with the Code's definition of independence and is satisfied that Mr. Ong remains as an independent director of the Company. The NC reviewed the independence of Mr. Yabuki in accordance with the Code's definition of independence when appointing Mr. Yabuki as director and considers Mr. Yabuki to be independent.
4.4	The NC monitors and determines annually whether directors who have multiple board representations and other principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his/her duties as a director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his/her actual conduct on the Board, in making this determination. The NC and with the concurrence of the Board were satisfied that in FY2017, where a director had other listed company board representations and/or other principal commitments, the director was able to carry out and had been adequately carrying out his/her duties as a director of the Company. Notwithstanding that some of the directors have multiple board representations, the NC is satisfied that sufficient time and attention are being given by the directors to the affairs of the Company and each director is able to and has been adequately carrying out his/her duties as a director of the Company. The NC and the Board are of the standpoint that setting a maximum number of listed company board representations would not be meaningful as the contributions of the directors would depend on many other factors such as whether they are in full time employment and their other responsibilities or principal commitments. In addition, the board representations presently held by its directors do not impede the performance of their duties to the Company.
4.5	No alternate director has been appointed to the Board.
4.6	In accordance with the Company's Constitution, one third, or if their number is not a multiple of three, the number nearest to one-third of the directors are required to retire from office by rotation at each Annual General Meeting ("**AGM**"), (provided that no director holding office as managing director, shall be subject to retirement by rotation or be taken into account in determining the number of directors to retire). Newly appointed directors will hold office only until the next AGM following their appointments and they shall be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation at that meeting. In making recommendations for the selection, appointment and re-appointment of directors, the NC evaluates composition and progressive renewal of the Board and the director's contribution and performance, such as his/her attendance at meetings of the Board or Board Committees, where applicable, participation, candour and any special contributions. Each member of the NC has abstained from reviewing and approving his own re-election. The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; a. academic and professional qualifications; b. industry experience; c. number of other directorships;

	d. relevant experience as a director; and e. ability and adequacy in carrying out required tasks. The NC leads the process for board appointments and makes recommendations to the Board. The integrated process of appointment includes: a. developing a framework on desired competencies and diversity on board; b. assessing current competencies and diversity on board; c. developing desired profiles of new directors; d. initiating search for new directors including external search, if necessary; e. shortlist and interview potential director candidates; f. recommending appointments and retirements to the Board; and g. election at general meeting.
4.7	The NC has recommended to the Board that Mr. Ong be nominated for re-election at the forthcoming AGM in accordance with Article 86 of the Company's Constitution. Mr. Masahiko Yabuki will also be nominated for re-election at the forthcoming AGM in accordance with Article 93 of the Company's Constitution. There are no relationships (including immediate family relationships) between Mr. Ong and Mr. Soennerstedt and the other Directors, the Company or the 10% shareholder of the Company. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM. The date of the directors' initial appointment and last re-election and their directorships are shown in Table 3. Other key information and principal commitments of the current directors are disclosed in the "Board of Directors" section of the Annual Report.

TABLE 3 – DATE OF DIRECTORS' INITIAL APPOINTMENT & LAST RE-ELECTION & THEIR DIRECTORSHIPS AS AT THE DATE OF THIS REPORT

Name of Director	Age	Date of Initial Appointment	Date of Last Re-Election	Present Directorships in Listed Companies	Past Directorships in Listed Companies over the preceding three years
Ong Kok Wah	72	20 May 2010	30 April 2015	Polaris Ltd., ICP Ltd.	-
Masahiko Yabuki	58	5 February 2018	-	Polaris Ltd.	-
Carl Johan Pontus Soennerstedt	46	5 May 2016	28 April 2017	Polaris Ltd.	-
Ang Chuan Hui, Peter[1]	51	1 March 2012	28 April 2017	-[1]	-[1]
Juliana Julianti Samudro[2]	46	26 July 2011	29 April 2016	-[2]	-[2]

[1] *Resigned as a Director with effect from 28 February 2018*
[2] *Resigned as a Director with effect from 28 February 2018*

Board Performance

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

Guidelines of the Code	The Company's Corporate Governance Practice
5.1	The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution of each individual director. The NC is also responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company. The Board has not put in place an evaluation process to assess the effectiveness of its board committees in FY2017. The Board is of the view that the cost and resources required for implementing such evaluation process is not effective due to the rising cost of business and operations. The Board is considering to establish an evaluation process for the its board committees to exercise better corporate governance practice.
5.1 & 5.2	The NC adopts a formal system of evaluating the Board as a whole every year. A Board performance evaluation is carried out and the assessment parameters include evaluation of the Board's composition, size and expertise, timeliness of Board information as well as Board accountability and processes. The Board has approved the assessment parameters and is of the view that the parameters would enhance long-term shareholder value. Through a formal written Board performance evaluation, the Board has reached the conclusion on its performance for FY2017 that the Board has met its performance objectives. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each director on whether the Board's procedures and processes had allowed him/her to discharge his/her duties effectively and to propose changes which may be made to enhance the Board's effectiveness as a whole. The collated findings are reported and recommendations are made to the Board for consideration and for further improvements to help the Board to discharge its duties more effectively.
5.3	The NC conducts evaluation of the performance of individual directors annually and for re-election or re-appointment of any director. The assessment of each director's performance is undertaken by the NC Chairman. The criteria for assessment includes but is not limited to attendance record at meetings of the Board and board committees, intensity of participation at meetings, quality of discussions, maintenance of independence and any special contributions. The NC, in concurrence with the NC Chairman, is satisfied that each director is contributing to the overall effectiveness of the Board.

Access to Information

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

Guidelines of the Code	The Company's Corporate Governance Practice
6.1	The Board is informed by the Management of all material events and transactions as and when they occur. All analysts' and media reports on the Group are forwarded to the directors on an on-going basis. The Board has separate, independent and unrestricted access to the senior management of the Group at all times. Requests for information from the Board are dealt with promptly by the senior management.
6.2	The Board is provided with complete, adequate and timely information prior to board meetings. The information provided includes board papers and related materials, background and explanatory information relating to matters to be brought before the Board.

	The Board receives monthly management financial statements, annual budgets and explanation on forecast variances to enable them to oversee the Group's operational and financial performance. Directors are also informed of any significant developments or events relating to the Group.
6.3	The Board has separate, and independent access to the Company Secretary at all times. The Company Secretary or his/her nominee attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of board proceedings. Under the direction of the Chairman, the responsibilities of the Company Secretary, with the support of the management staff, include ensuring good information flows within the Board and the Board Committees and between senior management and non-executive directors, advising the Board on all governance matters, as well as facilitating orientation and assisting with professional development as required.
6.4	The appointment and the removal of the Company Secretary are subject to the Board's approval.
6.5	The Board seeks independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The directors, whether as a Group or individually, may seek and obtain legal and other independent professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as directors.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Guidelines of the Code	The Company's Corporate Governance Practice
7.1 & 7.2	The RC, regulated by a set of written terms of reference, comprises three members, a majority of whom, including the Chairman, are independent non-executive directors. There is one executive director in the RC as the Board consists of three directors, out of which two are non-executive. The Board is currently on the lookout for an additional non-executive director to join the RC. The members of the RC are as follows: 1. Mr. Ong Kok Wah (Chairman, INED) 2. Mr. Masahiko Yabuki (INED) 3. Mr. Carl Johan Pontus Soennerstedt (ED) The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of directors and key management personnel of the Group. Under its terms of reference, the RC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's key management personnel. The RC also reviews and recommends to the Board the specific remuneration packages for each director as well as the Company's key management personnel. The aim is to build capable and committed management teams, through competitive compensation, focused management, and progressive policies which will attract, motivate and retain a pool of talented executives to meet the current and future growth of the Company. All RC's recommendations are submitted for endorsement by the Board. In discharging their duties, the members have access to advice from human resources department and external advisors as and when they deem necessary. To ensure that the remuneration package is competitive and sufficient to attract, retain and motivate the key management personnel, the RC also takes into consideration industry practices and norms in the compensation review. The RC as part of its review ensures that all aspects of remuneration, including and not limited to director's fees, salaries, allowances, bonuses, options and benefits-in-kinds are covered for each director and key management personnel.

7.3	No independent consultant is engaged for advising on the remuneration of all directors. The RC will seek external expert advice should such a need arise.
7.4	The RC reviews the service contracts of the Company's executive directors and key executives to ensure that such contracts of service contain fair and reasonable termination clauses. Services contracts for executive directors are for a fixed appointment period. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the executive directors and key executives.

Level and Mix of Remuneration

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

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

Disclosure on Remuneration

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

Guidelines of the Code	The Company's Corporate Governance Practice
9.1	Given the highly competitive environment it is operating in and the confidentiality attached to the remuneration matters, the Company believes that fully disclosing the remuneration of each director, the CEO and at least the top five key management personnel (who are not also directors of the CEO) would be prejudicial to its business interest. The Company has instead disclosed the remuneration of each director, the CEO and the key management personnel in bands of $200,000. The aggregate value of remuneration to each director, the CEO and the key management personnel has been disclosed on page 88 of this annual report.
9.2	Table 4 sets out the breakdown of the remuneration of each director and the CEO for FY2017.
9.3	The Company has disclosed the remuneration of each key management personnel (who are not directors or the CEO) in bands of $200,000. The aggregate value of remuneration to the key management personnel (who are also not directors or the CEO) has been disclosed on page 88 of this annual report. Table 4A sets out the breakdown of the remuneration of the key management personnel (who are not directors or the CEO) for FY2017.
9.4	There is no immediate family member (defined in Section B of the SGX-ST Listing Manual (Rules of Catalist) (the "**Catalist Rules**"), as the spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO in the employment of the Company whose annual remuneration exceeded $50,000 during FY2017.
9.5	There is presently no share scheme or option scheme on unissued shares of the Company or its subsidiaries.
9.6	The Company is of the view that disclosing specific details on the performance conditions used to determine the directors' remuneration would be unfavourable to its business interest. The RC is satisfied that all of the performance conditions used to determine the directors' remuneration have been met.

TABLE 4 – REMUNERATION OF DIRECTORS

The breakdown of the total remuneration of the directors of the Company for the year ended 31 December 2017 is set out below:

Name of Director	Position	Breakdown of Remuneration in Percentage					Total Remuneration in Compensation Bands of $200,000
		Directors' fees	Salary	Bonus	Other Benefits	Total	
Carl Johan Pontus Sonnerstedt[1]	ED & CEO	100%	-	-	-	100%	<S$200,000
Ong Kok Wah	INED	100%	-	-	-	100%	<S$200,000
Masahiko Yabuki[2]	INED	100%	-	-	-	-	-
Ang Chuan Hui, Peter[3]	ED	-	68%	16%	16%	100%	S$400,001 – S$600,000
Juliana Julianti Samudro[4]	ED	-	66%	16%	18%	100%	S$200,001 – S$400,000

[1]Redesignated as Executive Director and Chief Executive Officer with effect from 1 March 2018
[2]Did not receive any remuneration for FY2017 as he was not then a director
[3]Resigned as a Director with effect from 28 February 2018
[4]Resigned as a Director with effect from 28 February 2018

Notes
ED: Executive Director
INED: Independent, Non-Executive Director

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

There were no termination, retirement and post-employment benefits granted to directors or the CEO for the year ended 31 December 2017.

TABLE 4A – REMUNERATION OF KEY MANAGEMENT PERSONNEL

The breakdown of the total remuneration of the key management personnel (who are not directors or the CEO) of the Company for the year ended 31 December 2017 is set out below:

Name of Key Management Personnel	Position	Breakdown of Remuneration in Percentage				Total Remuneration in Compensation Bands of $200,000
		Salary	Bonus	Other Benefits	Total	
Karnadi Widodo[1]	Senior Finance Manager	82%	-	18%	100%	<S$200,000

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

For the period under review, other than the one person as listed above, the Company had no other key management personnel who were not also directors or the CEO for the year ended 31 December 2017.

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

ACCOUNTABILITY AND AUDIT

Accountability

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

Guidelines of the Code	The Company's Corporate Governance Practice
10.1	The Board provides the shareholders with a detailed and balanced explanation and analysis of the Group's performance, position and prospects on a quarterly basis.
10.2	The Board is mindful that it is accountable to the shareholders and strives to ensure that full material information is disclosed to shareholders in a timely manner in compliance with the statutory requirements

	and Catalist Rules. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods. The following policies were established:- a. Directors' Training Policy; b. Policy on Delegation of Authority; c. Human Resource Policy; d. Financial Risk Management Policy; e. Code of Conduct and Business Ethics; and f. Policy on Matters reserved for the Board.
10.3	The Management provides the Board with appropriately detailed management accounts of the Group's performance and prospects on a monthly basis. The Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order for it to effectively discharge its duties.

Risk Management and Internal Controls

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

Guidelines of the Code	The Company's Corporate Governance Practice
11.1	The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board is satisfied that the system of internal procedures, controls and reviews that the Group has in place provide reasonable assurance against material financial misstatements or loss, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks.
11.2 & 11.3	Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, [annual reviews of the adequacy and effectiveness of the company's risk management and internal control systems performed by Management], the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's system of internal controls, including financial, operational, compliance and information technology controls, as well as risk management policies and systems, were adequate and effective as at 31 December 2017. As the former CEO, namely Mr. Ang Chuan Hui, Peter, (the "Former CEO") and the former Chief Financial Officer, namely Ms. Juliana Julianti Samudro, (the "Former CFO") of the Company were in place for FY2017 and only resigned on 28 February 2018, the AC and the Board has obtained assurance from the Former CEO and Former CFO that the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.
11.4	The Company has not put in place a risk management committee. However, Management has in place a financial risk management policy and regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the directors and AC. The AC provides independent oversight to the effectiveness of the risk

	management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting. Details of the Group's risk management policy are set out in Note 29 "Financial Risk Management" of the Notes to the Financial Statements.

Audit Committee

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

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

	k. meet with external auditors, Management and any others considered appropriate in separate executive sessions to discuss any matters that the AC believes should be discussed privately and establish a practice to meet with external auditors without the presence of Management at least once annually; l. review the nature and extent of all non-audit services provided by the Group's external auditors, if any, and determine if such services would affect the independence of the external auditors; m. review and report to the Board at least annually the adequacy and effectiveness of the company's internal controls, including financial, operational, compliance and information technology controls; n. review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; and o. make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors. p. reviews the effectiveness of the company's internal audit function.
12.5	The AC meets with the internal auditor and the external auditor separately, at least once a year, without the presence of Management to review any matter that might be raised.
12.6	The AC shall continue to monitor the scope and results of the external audit, its cost effectiveness, as well as the independence and objectivity of the external auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the external auditors. Moore Stephens LLP, the Company's external auditor, carried out, as part of their statutory audit, a review of the effectiveness of the Company's internal accounting controls on an annual basis. Any material internal accounting control weaknesses noted in the course of the statutory audit were reported by the external auditors to the AC. The AC undertook the review of the independence and objectivity of the external auditor through discussions with the external auditor as well as confirmed that no non-audit services were provided. The aggregate amount of audit fees payable to the external auditor in FY2017 was $80,000. There were no non- audit fees paid to the external auditor in FY2017. The AC is satisfied with their independence; hence has recommended the re-appointment of the external auditor at the forthcoming AGM of the Company.
12.7	The Company with the assistance of the AC has put in place a "whistle blowing" process and has formulated the guidelines for a Whistle-Blowing Policy for the Group. Such a policy serves to encourage and provide a channel for staff to report in good faith and without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Non-Executive Chairman. It has a well-defined process which ensures independent investigation of issues/concerns raised and appropriate follow up action to be taken. All reports will be promptly submitted to the AC which is responsible for investigating and coordinating corrective action. Details of the whistle-blowing policies and arrangements have been made available to all employees.
12.8	For FY2017, the AC met with and reviewed with the external auditor: a. the quarterly and full year financial statements of the Group and the Company, including announcements relating thereto to shareholders; b. the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management issues of the Group); c. their evaluation of the system of internal accounting controls; d. their audit report; e. the assistance given to them by the Company's officers; and f. the consolidated financial statements of the Group, the balance sheet and statement of changes of equity of the Company. The external auditors provide regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

	In appointing the audit firms for the Group, the AC and the Board are satisfied that the Group has complied with Rule 712 and Rule 715 of Catalist Rules.
12.9	There is no former partner or director of the Company's existing auditing firm or auditing corporation that is acting as a member of the Company's AC.

Internal Audit

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

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

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

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

Guidelines of the Code	The Company's Corporate Governance Practice
14.1	The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

14.2	Management supports the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. Shareholders are informed of the rules, including voting procedures, that govern general meetings of shareholders.
14.3	A shareholder who is unable to attend the general meetings is entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary as defined in Section 181 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

COMMUNICATION WITH SHAREHOLDERS

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

Guidelines of the Code	The Company's Corporate Governance Practice
15.1	All materials on the full year financial results are available on the Company's website – www.wearepolaris.com. The website also contains various other investor-related information on the Company and an investor relations page which serves as an important resource for investors. Quarterly and full-year financial statements containing a summary of the financial information and affairs of the Group for the period are also released via SGXNet.
15.2	The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to Catalist Rules and the Companies Act of Singapore, the Board's policy is that all shareholders should be equally and timely informed of all major developments that will impact the Company or the Group. Information is communicated to shareholders on a timely basis through the Singapore Exchange Network (the "SGXNet") and/or the press. Additionally, annual reports are prepared and issued to all shareholders within the mandatory period. Notices of shareholders' meetings are advertised in a newspaper in Singapore.
15.3	The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. At AGMs, shareholders are given the opportunity to air their views and to ask the directors and Management questions regarding the Group.
15.4	The Company conducts briefings occasionally for the media, analysts, brokers and fund managers, with the presence of key management personnel. Briefings for investors are held in conjunction with the release of the Company's quarterly and full year financial results, with the presence of the CEO and CFO (also as the executive directors) and the key management personnel to answer the relevant questions which the investors may have.
15.5	As the Company has registered accumulated losses as at 31 December 2017 and its current priority is to achieve long-term capital growth for the benefit of shareholders, its profits shall therefore be retained for investment into the future. The Board continues to monitor the financial position of the Company and will propose dividends at the appropriate time to the best interest of the shareholders.

CONDUCT OF SHAREHOLDER MEETINGS

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

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

DEALING IN SECURITIES

The Company has adopted internal practices in relation to dealings in the Company's securities pursuant to the Catalist Rules that are applicable to all its officers. The Company and its officers are not allowed to deal in the Company's securities on short term considerations; and during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

Directors and officers are required to observe insider trading provisions under the Securities and Futures Act Cap. 289 at all times even when dealing in the Company's securities within the permitted trading periods. Directors of the Company are required to report all dealings to the Company Secretary.

MATERIAL CONTRACTS

Save for the service agreement entered into with the executive directors which are still subsisting as at the end of FY2017, there was no material contract entered into by the Company and its subsidiaries involving the interest of any director or controlling shareholders subsisting at the end of FY2017.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During the year under review, there were no material interested person transactions requiring disclosure pursuant to the Catalist Rules.

USE OF PROCEEDS

There were no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules at the end of the FY2017 or have been entered into since the end of the previous financial year.

SPONSORSHIP

The Company's sponsor, Stamford Corporate Services Pte. Ltd., has not rendered any non-sponsorship services to the Company for FY2017.

DIRECTORS' STATEMENT

The directors of the Company present their statement to the members together with the audited consolidated financial statements of Polaris Ltd. (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 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; and

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

1 Directors

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

Ong Kok Wah	*(Non-Executive Chairman)*
Carl Johan Pontus Soennerstedt	*(Executive Director & Chief Executive Officer)*
Masahiko Yabuki	*(Independent, Non-Executive Director)* *(Appointed on 5 February 2018)*

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

3 Directors' Interests in Shares or Debentures

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

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	At 1.1.17/ At date of appointment	At 31.12.17	At 1.1.17/ At date of appointment	At 31.12.17
The Company				
No. of ordinary shares				
Ong Kok Wah	70,000,000	70,000,000	-	-

There was no change in the above-mentioned director's interest between the end of the financial year and 21 January 2018.

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

4 Share Options

Options Granted

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

Options Exercised

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

Options Outstanding

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

5 Audit Committee

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

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

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

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

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

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

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

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

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

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

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

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

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

5 Audit Committee (cont'd)

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

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

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

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

6 Independent Auditors

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

On behalf of the Board of Directors,

……………………………………..
Carl Johan Pontus Soennerstedt
Director

……………………………………..
Ong Kok Wah
Chairman

Singapore
29 March 2018

INDEPENDENT AUDITOR'S REPORT

to the Members of Polaris Ltd. (Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Polaris Ltd. (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, and the consolidated statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of trade receivables The Group has total gross trade receivables of S$5,108,000, which accounted for approximately 18% of the Group's total assets as at 31 December 2017, as disclosed in Note 18 to the financial statements. There is a risk that the Group's aged trade receivables which are past due but not impaired at the reporting date may not be recoverable and allowance for impairment may not be adequate or reasonable. Management monitors and assesses the Group's credit risk, and where required, recognises impairment allowance, which requires management to make significant judgements regarding the expected future financial condition and the ability of future receipts from the debtors. Inappropriate management judgements and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the trade receivables. As such, we have determined that this is a key audit matter. Further information related to the aged trade receivables that are past due but not impaired at the reporting date is disclosed in Note 29(a) to the financial statements. The Group's accounting policies on allowance for impairment and the critical accounting estimates and judgements thereon are disclosed in Note 2(i) and Note 3(i) to the financial statements, respectively.	Our audit procedures included, amongst others, analysing and testing, on a sample basis, the accuracy of the aging profile of trade receivables by checking to the underlying supporting documents. We evaluated and challenged management's assessment on the recoverability of the Group's aged trade receivables which are past due but not impaired at the reporting date. We also enquired with management on the reasons for the delay in payments on certain aged trade receivables and the appropriateness of any allowance for impairment to be made, by considering amongst others, factors such as subsequent cash receipts, past payment practices, and the ongoing business relationship with the debtors involved. We also assessed the adequacy and appropriateness of the Group's disclosures on the trade receivables and the related credit risk in Note 18 and Note 29(a) to the financial statements, respectively.

Key Audit Matters (cont’d)

Key Audit Matter	How our audit addressed the key audit matter
Recoverability of loans receivable due from franchisee The Group has total gross loans receivable due from franchisee of S$5,680,000, and its related allowance for impairment amounted to S$4,729,000, as at 31 December 2017 as disclosed in Note 18(e) to the financial statements. Management assesses at the end of the reporting period whether there is any evidence that the loans provided to the franchisee is impaired. Management monitors and takes into consideration the following in their assessment on the recoverability of the loans receivable: - Ongoing dealings with the franchisee; - Management’s relationship and discussion with the management of the franchisee on their operations and business plan; - Latest management accounts of the franchisee; and - Budgets and cash flow forecasts. Inappropriate management judgements and estimates made in the impairment assessment would result in a significant impact on the carrying amount of the loans receivable due from franchisee. As such, we have determined that this is a key audit matter. The Group’s critical accounting estimates and judgements for impairment of the loans receivable due from franchisee are disclosed in Note 3(ii) to the financial statements.	Our audit procedures included, amongst others, evaluating and challenging management’s assessment on the recoverability of the loans provided to the franchisee. These procedures include: - Obtaining an understanding of the processes that management have in place to assess the recoverability of the loans receivable and ensured that they have been adhered to; - Reviewing the agreements for the arrangement on the loans receivable; and - Challenging management’s assessment of the recoverability of the loans receivable at the reporting date, including the appropriateness of any allowance to be made, by considering amongst others, factors such as the franchisee's financial position and performance, its current operations and business plan, and management’s analysis on the budget and cash flow forecast prepared by the franchisee. We have also assessed the adequacy and appropriateness of the Group’s disclosures on the loans receivable due from franchisee and the related credit risk in Note 18(e) and Note 29(a) to the financial statements, respectively.

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 Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Moore Stephens LLP
Public Accountants
and Chartered
Accountants

Singapore
29 March 2018

CONSOLIDATED STATEMENT OF INCOME

For the financial year ended 31 December 2017

	Note	Group 2017 S$'000	Group 2016 S$'000
Revenue	4	80,587	89,855
Cost of sales		(74,440)	(84,512)
Gross profit		6,147	5,343
Other items of income:			
Interest income	5	23	320
Other income	6	202	593
Other items of expense:			
Marketing and distribution		(75)	(75)
Administrative expenses	9	(4,739)	(5,954)
Finance costs	7	(348)	(468)
Other expenses	8	(467)	1,198
Share of results of associates, net of tax	16	245	46
Profit before income tax		988	1,003
Income tax	10	-	61
Profit for the year		988	1,064
Attributable to:			
Equity holders of the Company		1,000	1,060
Non-controlling interests		(12)	4
Profit for the year		988	1,064
Earnings per share attributable to equity holders of the Company:			
Basic and diluted (cents per share)	11	0.006	0.006

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

(cont'd)

	Group	
	2017	2016
	S$'000	S$'000
Profit for the year	988	1,064
Other comprehensive (loss)/income, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	(611)	147
Other comprehensive (loss)/income for the year	(611)	147
Total comprehensive income for the year	377	1,211
Attributable to:		
Equity holders of the Company	389	1,208
Non-controlling interests	(12)	3
Total comprehensive income for the year	377	1,211

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2017

	Note	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	5,348	5,510	5,065	5,460
Investment properties	13	2,322	2,411	2,322	2,411
Intangible assets	14	225	404	-	-
Investments in subsidiaries	15	-	-	6,436	6,039
Investments in associates	16	721	482	-	-
Financial assets, available-for-sale	17	-	-	-	-
Other receivables	18	1,119	346	1,177	2,322
		9,735	9,153	15,000	16,232
Current Assets					
Trade and other receivables	18	11,451	9,505	7	269
Inventories	19	1,760	1,448	-	-
Prepayments		124	69	85	23
Cash and bank balances	20	5,085	6,737	400	287
		18,420	17,759	492	579
Total Assets		**28,155**	**26,912**	**15,492**	**16,811**
EQUITY AND LIABILITIES					
Current Liabilities					
Loans and borrowings	21	243	272	243	272
Trade and other payables	22	8,432	6,813	1,119	290
Other liabilities	23	539	432	261	266
		9,214	7,517	1,623	828
Non-Current Liabilities					
Loans and borrowings	21	4,535	5,366	4,535	5,366
		4,535	5,366	4,535	5,366
Equity Attributable to Equity Holders of the Company					
Share capital	24 (a)	402,747	402,747	402,747	402,747
Foreign currency translation reserve	24 (b)	329	940	-	-
Accumulated losses		(389,317)	(390,167)	(393,413)	(392,130)
		13,759	13,520	9,334	10,617
Non-controlling interests	25	647	509	-	-
Total Equity		14,406	14,029	9,334	10,617
Total Equity and Liabilities		**28,155**	**26,912**	**15,492**	**16,811**

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The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

	← Attributable to equity holders of the Company →					
	Share Capital S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
Group						
Balance at 1 January 2017	402,747	940	(390,167)	13,520	509	14,029
Profit/(Loss) for the year	-	-	1,000	1,000	(12)	988
Other comprehensive income, net of tax:						
Exchange differences on translation	-	(611)	-	(611)	-	(611)
Other comprehensive loss for the year	-	(611)	-	(611)	-	(611)
Total comprehensive income for the year	-	(611)	1,000	389	(12)	377
Dilution of non-controlling interests (Note 25)	-	-	(150)	(150)	150	-
Balance at 31 December 2017	402,747	329	(389,317)	13,759	647	14,406

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017
(cont'd)

	Share Capital S$'000	Foreign currency translation reserve S$'000	Accumulated losses S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
	← Attributable to equity holders of the Company →					
Group						
Balance at 1 January 2016	402,747	792	(391,227)	12,312	506	12,818
Profit for the year	-	-	1,060	1,060	4	1,064
Other comprehensive income, net of tax:						
Exchange differences on translation	-	148	-	148	(1)	147
Other comprehensive income for the year	-	148	-	148	(1)	147
Total comprehensive income for the year	-	148	1,060	1,208	3	1,211
Balance at 31 December 2016	402,747	940	(390,167)	13,520	509	14,029

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2017

	Group	
	2017	2016
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit before income tax	988	1,003
Adjustments for:		
Amortisation of intangible assets	179	215
Depreciation of property, plant and equipment	516	649
Depreciation of investment properties	89	90
Finance costs	348	468
Interest income	(23)	(320)
Reversal of allowance for impairment of loan receivable from an associate	-	(2,142)
Inventories written-down	14	46
Net gain on disposal of investment under assets held-for-sale	-	(108)
Net loss on disposal of an associate	-	27
Net loss on disposal of property, plant and equipment	4	7
Share of results of associates	(245)	(46)
Unrealised exchange gain	(131)	(119)
Operating cash flows before changes in working capital	1,739	(230)
Changes in working capital:		
Inventories	(337)	2,320
Trade and other receivables	(2,443)	2,303
Prepayments	(56)	64
Trade and other payables	1,592	396
Other liabilities	53	(393)
Cash flows generated from operations	548	4,460
Interest received	23	320
Interest paid	(348)	(468)
Income taxes paid	-	(56)
Net cash flows generated from operating activities	223	4,256

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2017

(cont'd)

	Group	
	2017	2016
	S$'000	S$'000
Cash Flows from Investing Activities		
Receipt of loan receivable due from an associate	-	2,142
Increase in loans receivable due from franchisee	(770)	(174)
Purchase of property, plant and equipment	(368)	(70)
Proceeds from disposal of property, plant and equipment	11	7
Proceeds from disposal of an associate	-	7
Proceeds from disposal of investment under assets held-for-sale	-	708
Increase in pledged fixed deposits	(10)	(1,000)
Net cash flows (used in)/generated from investing activities	(1,137)	1,620
Cash Flows from Financing Activities		
Repayments of bank loans	(860)	(3,087)
Net cash flows used in financing activities	(860)	(3,087)
Net (decrease)/increase in cash and cash equivalents	(1,774)	2,789
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	112	211
Cash and cash equivalents at the beginning of the year	5,737	2,737
Cash and cash equivalents at the end of the year (Note 20)	4,075	5,737

The accompanying notes form an integral part of these financial statements

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

1 General

Polaris Ltd. (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered address of the Company and its principal place of business is 81 Ubi Avenue 4, #03-11, Singapore 408830.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are set out in Note 15.

The financial statements for the financial year ended 31 December 2017 were approved and authorised for issue by the Board of Directors of the Company in accordance with a resolution of the directors on the date of the Directors' Statement.

2 Significant Accounting Policies

(a) Basis of Preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the reporting date, and the reported amounts of revenues and expenses during the relevant reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity, are disclosed in Note 3.

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

Application of New/Revised FRS that are effective

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new/revised standards mandatorily effective for the said year and relevant to the Group:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require new disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities in respect of:

a) Changes from financing cash flows;
b) Changes arising from obtaining or losing control of subsidiaries or other businesses;
c) The effect of changes in foreign exchange rates;
d) Changes in fair values; and
e) Other changes

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities. Comparatives are not required in the first year of adoption.

As this is a disclosure requirement, the application of the amendments has had no impact on the financial performance or financial position of the Group and the Company. The above required information where material has been set out in Note 21.

Amendments to FRS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that unrealised losses on debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that the carrying amount of an asset does not limit the estimation of probable future taxable profits, and that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences.

The application of the amendments has had no impact on the financial performance or financial position of the Group and the Company.

2 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

New/Revised FRS in issue but not yet effective

At the date of these financial statements, the following new/revised standards that are relevant to the Group have been issued but are not yet effective:

		Effective for annual financial periods beginning on or after
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 40	*Transfer of Investment Property*	1 January 2018
FRS 116	*Leases*	1 January 2019
Improvement to FRSs (March 2018)		
- Amendments to FRS 103	*Business Combinations*	1 January 2019
- Amendments to FRS 12	*Income Taxes*	1 January 2019
- Amendements to FRS 23	*Borrowing Costs*	1 January 2019

Consequential amendments were also made to various standards as a result of these new/revised standards.

Except for FRS 109, FRS 115 and FRS 116 described below, the Group does not expect the adoption/application of the other new/revised standards above in future periods to have a significant impact on the financial statements in the period of their initial application.

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement.* FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with the Group's and Company's risk management strategies. FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is generally required, except that hedge accounting requirements are, with limited exemptions, applied prospectively. Comparative information need not be restated.

Based on the Group's initial assessment, the Group does not expect the adoption of FRS 109 to have a significant impact on the financial statements, except for (i) the Group's financial assets, available-for-sale as disclosed in Note 17 can no longer be carried at cost but to be measured at fair value under FRS 109 using the framework within FRS 113 *Fair Value Measurement;* and (ii) the application of the expected credit loss model of FRS 109 may increase the amount of loss allowance recognised, but the Group does not expect any addition credit losses to be significant. The assessment performed by the Group is only preliminary and therefore may be subject to changes arising from a more detailed ongoing analysis on adoption of FRS 109.

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

(a) Basis of Preparation (cont'd)

New/Revised FRS in issue but not yet effective (cont'd)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). FRS 115 replaces the previous revenue standards, FRS 18 *Revenue* and FRS 11 *Construction Contracts*, and the related interpretations on revenue recognition, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers*, and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services.*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied. Key issues to consider include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018.

Based on the Group's initial assessment, the Group does not expect the adoption of FRS 115 to have a significant impact on the financial statements. As disclosed in Note 34, the Group has entered into a proposed sale transaction to divest its Retail Telecommunication operating segment. The remaining operating segments of the Group will be mainly in trading and distribution businesses. The Group has assessed that the timing of revenue recognition under FRS 115 for the trading and distribution businesses is not expected to differ materially from current practices. The assessment performed by the Group is only preliminary and therefore may be subject to changes arising from a more detailed ongoing analysis on adoption of FRS 115.

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

(a) Basis of Preparation (cont'd)

New/Revised FRS in issue but not yet effective (cont'd)

FRS 116 *Leases*

FRS 116 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 requires lessees to recognise right-of- use assets and lease liabilities for all leases with a term of more than twelve months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

FRS 116 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted for companies but only if it also apply FRS 115 *Revenue from Contracts with Customers* at or before the date of initial application of FRS 116.

The Group has entered into non-cancellable operating lease agreements, which may be required to be recognised as ROU (right of use) assets with corresponding lease liabilities in respect of some of those commitments under the new standard. The Group plans to adopt FRS 116 when it becomes effective in 2019 and will perform a more in-depth analysis of the quantitative effects prior to the adoption.

Convergence with International Financial Reporting Standard

Singapore-incorporated companies listed on the Singapore Exchange (SGX) are required to apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SFRS(I) in these financial statements) for the financial year ending 31 December 2018 onwards.

The Group has performed a preliminary assessment of the impact of SFRS(I) *First-time adoption of International Financial Reporting Standards* for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SFRS(I) 9 *Financial Instruments*, SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 16 *Leases* will be similar to adopting FRS equivalents as described above.

Other than the adoption of the new/revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework. The Group is currently conducting a detailed analysis of the available accounting policy choices, transitional optional exemptions and transitional mandatory exceptions under SFRS(I) 1 and the preliminary assessment may be subject to changes arising from the detailed analysis.

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

(b) Group Accounting

<u>Subsidiaries</u>

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

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

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

Acquisition-related costs are expensed as incurred.

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

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

(b) Group Accounting (cont'd)

Subsidiaries (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

When the Group loses control of a subsidiary, it:

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

2 Significant Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

Associates

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

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

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

When the Group reduces its ownership interest in an associate, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

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

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

2 Significant Accounting Policies (cont'd)

(c) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses in the statement of financial position of the Company. On disposal of investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(d) Foreign Currencies

Functional and presentation currency

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

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

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

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

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

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

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 Significant Accounting Policies (cont'd)

(d) Foreign Currencies (cont'd)

Translation of Group entities' financial statements

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

- assets and liabilities are translated at the closing exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which the case income and expenses are translating using the exchange rates at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

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

2 Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment

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

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

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

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

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

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

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

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

2 Significant Accounting Policies (cont'd)

(f) Investment Properties

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

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. All other costs of maintenance, repairs and minor improvements are recognised in profit or loss when incurred.

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

(g) Intangible Assets

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

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

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

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

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

2 Significant Accounting Policies (cont'd)

(h) Impairment of Non-Financial Assets

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

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2 Significant Accounting Policies (cont'd)

(i) Financial Assets

Classification

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

i. Loans and receivables

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

ii. Financial assets, available-for-sale

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

Recognition and derecognition

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

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

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

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

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

2 Significant Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Initial and subsequent measurements

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

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

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

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

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

i. Loans and receivables

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

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

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

2 Significant Accounting Policies (cont'd)

(i) Financial Assets (cont'd)

Initial and subsequent measurements (cont'd)

ii. Financial assets, available-for-sale

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

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

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

(j) Financial Liabilities

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

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

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

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

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

2 Significant Accounting Policies (cont'd)

(k) Offsetting Financial Assets and Financial Liabilities

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

(l) Inventories

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

(m) Cash and Cash Equivalents

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

(n) Provisions

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

(o) Share Capital

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

(p) Government Grants

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

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

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

2 Significant Accounting Policies (cont'd)

(q) Revenue

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business, net of goods and services/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:

Sale of goods

Revenue on the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

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

Dividend income

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

Rental income

Rental income from operating lease (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term as set out in the specific lease agreement.

Franchise fee income

Franchise fee income arises from the Group's franchisee's use of its trademarks, service marks and logo and operating systems. Franchise fee income is recognised when earned and when the Group's right to receive payment is established.

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

(r) Borrowing Costs

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

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

(s) Employee Benefits

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

Defined contribution plan

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

Employee leave entitlement

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

(t) Leases

Operating lease (when the Group is a lessor)

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

Operating lease (when the Group is a lessee)

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

2 Significant Accounting Policies (cont'd)

(u) Income Tax

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

Current tax

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

Deferred tax

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

(u) Income Tax (cont'd)

Deferred tax (cont'd)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

Current and deferred tax for the year

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

(v) Segment Reporting

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

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying accounting policies

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

(i) Impairment of trade receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that trade receivables are impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, management considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Management's assessment also include, amongst others, the expected future financial condition and the ability of future receipts from the debtors. Where there is an objective evidence of impairment, the recoverable amount is estimated based on historical loss experience for assets with similar credit risk characteristics.

No allowance for impairment loss of trade receivables was recognised in the profit or loss of the Group for the current financial year (2016: Nil). The carrying amount of the Group's trade receivables as at 31 December 2017 are disclosed in Note 18.

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

Critical judgements in applying accounting policies (cont'd)

(ii) Impairment of loans receivable due from franchisee

The Group assesses at the end of each reporting period whether there is any objective evidence that loans receivables due from franchisee are impaired. Factors such as significant financial difficulties of the franchisee and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, management considers whether there is observable data indicating that there have been significant changes in the franchisee's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the franchisee operates in. Management's assessment also include, amongst others, discussion with the management of the franchisee on their operations and business plans, and analysing the budgets and cash flow forecasts prepared by the franchisee. Where there is an objective evidence of impairment, management judges whether an impairment loss should be recorded against the loan receivables.

No allowance for impairment loss of loans receivables due from franchisee was recognised in the profit or loss of the Group for the current financial year (2016: Nil). The carrying amount of the Group's loans receivable due from franchisee as at 31 December 2017 are disclosed in Note 18(e).

(iii) Impairment of investments in subsidiaries

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

The carrying amount of the Company's investments in subsidiaries as at 31 December 2017 and the movements in the allowance for impairment loss are disclosed in Note 15.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 Revenue

	Group 2017 S$'000	Group 2016 S$'000
Distribution sale of mobile handsets & accessories	12,956	34,016
Retail sale of mobile handsets, accessories & services	45,866	41,930
Retail sale of consumer electronics and related products	21,765	13,879
Franchise fee	-	30
	80,587	89,855

5 Interest Income

	Group 2017 S$'000	Group 2016 S$'000
Interest income:		
- Loans receivable from an associate	-	309
- Bank deposits	23	11
	23	320

6 Other Income

	Group 2017 S$'000	Group 2016 S$'000
Net gain on disposal of investment under assets held-for-sale*	-	108
Rental income	36	93
Government grants	77	211
Other miscellaneous income	89	181
	202	593

* Related to the disposal of equity investment in Shopdeca Pte. Ltd in the previous year.

7 Finance Costs

	Group	
	2017	2016
	S$'000	S$'000
Bank facility fees	12	35
Bank charges	173	212
Interest expense:		
- Bank loans	163	221
	348	468

8 Other Expenses

	Group	
	2017	2016
	S$'000	S$'000
Amortisation of intangible assets	179	215
Depreciation of property, plant and equipment	516	649
Depreciation of investment properties	89	90
Net loss on disposal of property, plant and equipment	4	7
Net loss on disposal of an associate*	-	27
Net foreign exchange gain	(335)	(90)
Inventories written-down	14	46
Reversal of allowance for impairment loss of loan receivable from an associate**	-	(2,142)
	467	(1,198)

* Related to the disposal of Polaris Gold (Thailand) Co., Ltd in the previous year.

** Related to the reversal of allowance for impairment loss previously recognised as the loan receivable had been fully repaid to the Group in the previous year.

9 Profit before Income Tax

The following items have been included in arriving at profit before income tax:

	Group 2017 S$'000	Group 2016 S$'000
Audit fees:		
- Auditors of the Company	80	115
Non-audit fees:		
- Former auditors of the Company	-	6
Directors' fees:		
- Directors of the Company	60	110
- Over provision in prior year	(33)	-
Employee benefits expenses (Note 26)	3,171	3,539
Lease related expenses	1,017	1,420

10 Income Tax

	Group 2017 S$'000	Group 2016 S$'000
Current income tax:		
- Current year	-	-
- Over provision in respect of prior years	-	(61)
	-	(61)

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

	Group 2017 S$'000	Group 2016 S$'000
Profit before income tax	988	1,003
Income tax at the applicable tax rate of 17% (2016: 17%)	168	171
Adjustments:		
Non-deductible expenses	187	134
Income not subject to tax	(182)	(451)
Effect of partial tax exemption and tax relief	(34)	(10)
Deferred tax assets not recognised	-	148
Deferred tax assets previously not recognised now utilised	(97)	-
Over provision in respect of prior years	-	(61)
Share of results of associates	(42)	8
	-	(61)

10 Income Tax (cont'd)

Unrecognised tax losses

As at 31 December 2017, the Group has unutilised tax losses of approximately S$41.4 million (2016: S$42.0 million) which can be carried forward and used to offset against future taxable income of those entities in the Group in which the losses arose, subject to the agreement of the tax authorities and compliance of the relevant provisions of the tax legislation of the respective countries in which they operate. The unutilised tax losses have no expiry dates.

The deferred tax assets arising from these unutilised tax losses of approximately S$7.0 million (2016: S$7.1 million) have not been recognised in accordance with the Group's accounting policy stated in Note 2(u).

11 Earnings per Share

Basic earnings per share are calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

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

	Group	
	2017	2016
Profit for the year attributable to equity holders of the Company used in the computation of basic earnings per share (S$'000)	1,000	1,060
Weighted average number of ordinary shares for basic earnings per share computation (No. of shares '000)	17,053,170	17,053,170

There is no dilution of earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the financial years ended 31 December 2017 and 2016.

12 Property, Plant and Equipment

	Commercial properties	Furniture, fixtures and renovation	Office equipment and computers	Total
	S$'000	S$'000	S$'000	S$'000
Group				
Cost				
Balance at 1 January 2016	5,607	1,419	741	7,767
Additions	-	35	35	70
Disposals	-	(126)	(31)	(157)
Written off	-	(26)	(1)	(27)
Effect of foreign currency exchange differences	-	-	-	-
Balance at 31 December 2016	5,607	1,302	745	7,654
Additions	-	170	198	368
Disposals	-	(18)	(86)	(104)
Effect of foreign currency exchange differences	-	-	(3)	(3)
Balance at 31 December 2017	5,607	1,454	854	7,915
Accumulated depreciation				
Balance at 1 January 2016	408	776	481	1,665
Depreciation	188	301	160	649
Disposals	-	(119)	(24)	(143)
Written off	-	(26)	(1)	(27)
Balance at 31 December 2016	596	932	616	2,144
Depreciation	189	223	104	516
Disposals	-	(12)	(77)	(89)
Effect of foreign currency exchange differences	-	-	(4)	(4)
Balance at 31 December 2017	785	1,143	639	2,567
Net book value				
At 31 December 2016	5,011	370	129	5,510
At 31 December 2017	4,822	311	215	5,348

12 Property, Plant and Equipment (cont'd)

	Commercial properties S$'000	Furniture, fixtures and renovation S$'000	Office equipment and computers S$'000	Total S$'000
Company				
Cost				
Balance at 1 January 2016	5,607	928	350	6,885
Additions	-	-	5	5
Disposals	-	(1)	-	(1)
Balance at 31 December 2016	5,607	927	355	6,889
Additions	-	-	23	23
Disposals	-	-	(4)	(4)
Balance at 31 December 2017	5,607	927	374	6,908
Accumulated depreciation				
Balance at 1 January 2016	408	398	199	1,005
Depreciation	188	181	55	424
Disposals	-	*	-	*
Balance at 31 December 2016	596	579	254	1,429
Depreciation	189	175	54	418
Disposals	-	-	(4)	(4)
Balance at 31 December 2017	785	754	304	1,843
Net book value				
At 31 December 2016	5,011	348	101	5,460
At 31 December 2017	4,822	173	70	5,065

* Amount less than S$1,000.

The Group's commercial properties with a carrying amount of S$4,822,000 (2016: S$5,011,000) are mortgaged to secure the Group's bank loans (Note 21) as at 31 December 2017.

13 Investment Properties

	Group and Company	
	2017	2016
	S$'000	S$'000
Cost		
Balance at 1 January and 31 December	2,618	2,618
Accumulated depreciation		
Balance at 1 January	207	117
Depreciation	89	90
Balance at 31 December	296	207
Net book value		
At 31 December	2,322	2,411
Rental income from investment properties		
- Minimum lease payments	36	93
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	(9)	(10)

The Group's investment properties with a carrying amount of S$1,537,000 (2016: S$2,411,000) are mortgaged to secure the Group's bank loans (Note 21) as at 31 December 2017. One of the investment properties have been discharged as the related bank loan has been fully paid during the current financial year.

Details of the Group's investment properties are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term
UB.ONE, Unit 03-15	Office	Leasehold	51 years
UB.ONE, Unit 03-21	Office	Leasehold	51 years
UB.ONE, Unit 03-22	Office	Leasehold	51 years

14 Intangible Assets

	Customer Relationship S$'000	Lease Agreements S$'000	Total S$'000
Group			
Cost			
Balance at 1 January 2016 and 1 January 2017	1,078	415	1,493
Accumulated amortisation and impairment losses			
Balance at 1 January 2016	494	380	874
Amortisation	180	35	215
Balance at 31 December 2016	674	415	1,089
Amortisation	179	-	179
Balance at 31 December 2017	853	415	1,268
Net book value			
At 31 December 2016	404	-	404
At 31 December 2017	225	-	225

Customer Relationship and Lease Agreements

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

15 Investments in Subsidiaries

	Company	
	2017	2016
	S$'000	S$'000
Unquoted shares, at cost	14,085	12,688
Less: Allowance for impairment	(7,649)	(6,649)
	6,436	6,039
Movements in allowance account:		
At 1 January	(6,649)	(4,263)
Charge for the year	(1,000)	(2,386)
At 31 December	(7,649)	(6,649)

Change in ownership interest in subsidiaries

During the current financial year, the Company has injected additional capital into its subsidiary, Polaris KKC Holdings Pte. Ltd. ("Polaris KKC"), through a cash injection of S$1,397,000, which resulted in a change of the Group's ownership interest to increase from 70% to 85%. Polaris KKC in turn invested the same amount into its subsidiary, CM Polaris Pte. Ltd. ("CM Polaris"), which resulted in a change of the Group's ownership interest to increase from 47% to 71%.

The effect of the change in the Group's ownership interest in Polaris KKC and CM Polaris ("KKC subgroup") on the equity attributable to equity holders of the Company is summarised below.

	2017
	S$'000
Decrease of equity attributable to non-controlling interests (due to dilution of interests) of KKC subgroup	150
Decrease in equity attributable to equity holders of the Company	(150)

Impairment loss of subsidiaries

An allowance for impairment loss of S$1,000,000 was recognised in the current financial year for the Company's investment in a wholly owned subsidiary, Polaris Culture Pte. Ltd., which has been struck off subsequent to the financial year. The allowance for impairment loss of S$2,386,000 recognised in the previous financial year was in relation to the estimated irrecoverable amounts of the Company's investments in certain subsidiaries, determined by reference to their financial positions which in the opinion of the management, represented the fair value of the Company's investments in these subsidiaries.

15 Investments in Subsidiaries (cont'd)

(a) Composition of the Group

The Group has the following investments in subsidiaries:

Name and principal place of business	Principal activities	Group effective proportion of ownership interest 2017 %	2016 %
Held by the Company			
Polaris Device Pte. Ltd.[1] Singapore	Regional mobile handset distributor	100	100
Polaris Network Pte. Ltd.[1] Singapore	Retailer of mobile handset and services and consumer electronics	100	100
Polaris Telecom Pte. Ltd.[1] Singapore	Retailer of mobile handset and services	100	100
Polaris Culture Pte. Ltd.[1][3] Singapore	Investment holding company	100	100
Polaris Explorer Pte. Ltd.[1] Singapore	Investment holding company	100	100
Polaris TMT Ltd. [2] Hong Kong SAR, People's Republic of China	Dormant	100	100
Polaris KKC Holdings Pte. Ltd.[1] Singapore	Investment holding company	85	70
Held through Polaris KKC Holdings Pte. Ltd.("KKC subgroup")			
CM Polaris Pte. Ltd.[1] Singapore	Joint venture investment in Myanmar	71	47
Held through Polaris Explorer Pte. Ltd.			
Polaris Maju Sdn. Bhd.[2][4] Malaysia	Dormant	-	100

(1) Audited by Moore Stephens LLP, Singapore.
(2) Dormant and no audit is required.
(3) The subsidiary was struck off subsequent to the year end.
(4) The subsidiary was struck off during the current year.

15 Investments in Subsidiaries (cont'd)

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

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

Name and principal place of business	Proportion of ownership interest held by NCI	Profit/(Loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		S$'000	S$'000	S$'000
31 December 2017				
Polaris KKC Holdings Pte. Ltd. subgroup ("KKC subgroup") Singapore	15%	(12)	647	-
31 December 2016				
Polaris KKC Holdings Pte. Ltd. subgroup ("KKC subgroup") Singapore	30%	4	509	-

15 Investments in Subsidiaries (cont'd)

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

Summarised financial information including goodwill on acquisition and consolidation adjustments with material non-controlling interests are as follows:

Summarised statement of financial position

	2017 S$'000	2016 S$'000
Current		
Assets	1,396	772
Liabilities	(7)	(10)
Net Current Assets	1,389	762
Non-Current		
Assets	944	174
Liabilities	(167)	-
Net Non-Current Assets	777	174
Net Assets	2,166	936

Summarised statement of comprehensive income

	2017 S$'000	2016 S$'000
Revenue	-	30
(Loss)/Profit before income tax	(38)	9
Income tax	-	-
(Loss)/Profit after income tax	(38)	9
Other comprehensive income	-	-
Total comprehensive(loss)/income	(38)	9

16 Investments in Associates

Investments in associates	Group 2017 S$'000	Group 2016 S$'000	Company 2017 S$'000	Company 2016 S$'000
PT Trikomsel Oke Tbk. ("TRIO")	-[1]	-	-[1]	-
Other associate (unquoted)	721	482	-	-
	721	482	-	-
Fair value of investment in TRIO for which there is a published price quotation	-[2]	-[2]	-[2]	-[2]

[1] The Group's ownership interest in TRIO has been diluted from an associate to an equity investment, and accordingly, has been reclassified as financial assets, available-for-sale (see below).

[2] On 6 January 2016, the Indonesia Stock Exchange ("IDX") had temporarily suspended the trading of TRIO's shares. At the date of these financial statements, the trading of TRIO's shares continue to be suspended.

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

	Group 2017 S$'000	Group 2016 (Restated) S$'000	Company 2017 S$'000	Company 2016 (Restated) S$'000
Investments in associates, at cost:				
- TRIO	-	313,267	-	313,267
- Other associates	539	596	-	-
Share of post-acquisition reserves:				
- TRIO	-	(313,267)[1]	-	(313,267) [1]
- Other associate	182	(57)	-	-
Disposal:				
- Other associate	-	(57)[2]	-	-
	721	482	-	-
Less: Allowance for impairment of investment				
- TRIO	-	-[1]	-	-[1]
	721	482	-	

[1] Share of losses and allowance for impairment of investment in TRIO has been restated (see below).

[2] Related to the disposal of Polaris Gold (Thailand) Co., Ltd.

16 Investments in Associates (cont'd)

Name and principal place of business	Principal activities	Group effective proportion of ownership interest 2017 %	2016 %
Held by the Company			
PT Trikomsel Oke Tbk. ("TRIO")[1]	Retail and distribution of telecommunication and multimedia products.	-[3]	45
Held through Polaris Explorer Pte. Ltd.			
Polaristitans Philippines Inc.[2]	Engage in, conduct and carry on the business of importing, exporting, manufacturing, selling, distributing and marketing of wholesale telecommunication equipment.	40	40

(1) The appointed auditor is Crowe Horwath in Indonesia.
(2) Audited by Ong Ordonez & Associates.
(3) TRIO has been diluted from an associate to an equity investment.

PT Trikomsel Oke Tbk. ("TRIO")

2015

In October and November 2015, TRIO had announced that they were not able to service its debt obligations and they are in a debt restructuring exercise with the banks to improve its liquidity position.

For the financial year ended 31 December 2015, the Group had only equity accounted its share of results of TRIO up till 30 September 2015. Full impairment loss of S$301,615,000 and S$313,267,000 had been made on the Group's and Company's investment in TRIO respectively as at 31 December 2015.

16 Investments in Associates (cont'd)

PT Trikomsel Oke Tbk. ("TRIO") (cont'd)

2016

On 4 January 2016, TRIO had entered into Penundaan Kewajiban Pembayaran Utang ("PKPU") status. PKPU is part of Indonesia's 2004 Bankruptcy Law and provides creditors and debtors with an avenue to avoid liquidation bankruptcy.

On 6 January 2016, the Indonesia Stock Exchange ("IDX") had temporarily suspended the trading of TRIO's shares.

On 30 September 2016, TRIO had announced on IDX that the Indonesian courts has approved the Final Composition Plan ("Plan") and declared that the PKPU process has ended. A copy of the Plan was attached with the Company's announcement of the same on 30 September 2016.

For the financial year ended 31 December 2016, there were no audited financial statements of TRIO available. Full impairment loss of S$301,615,000 and S$313,267,000 continued to be made on the Group's and Company's investment in TRIO respectively as at 31 December 2016.

2017

Restatement of prior years

On 21 April 2017 and 4 May 2017, TRIO has issued its audited financial statements for the financial years ended 31 December 2015 and 2016 respectively. Accordingly, the Group's share of results and allowance for impairment of investment in TRIO have been restated as appropriate for the relevant financial years. The effects of the restatement of prior years are disclosed in Note 33.

Dilution of ownership interest

As at 4 April 2017, TRIO has an issuance of new shares pursuant to the Mandatory Convertible Bonds according to the Plan. The issuance has a dilutive effect on the Group's equity interest in TRIO, reducing from 44.88% to 37.45%.

As at 23 October 2017, TRIO has another issuance of new shares pursuant to the Post Proposed Share Issuance according to the Plan. The issuance has a further dilutive effect on the Group's equity interest in TRIO, reducing from 37.45% to 8.22%.

The above issuance of shares has consequently diluted the Group's equity interest in TRIO from an associate to an equity investment, and accordingly, has been reclassified as financial assets, available-for-sale (see Note 17).

17 Financial Assets, Available-for-sale

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Quoted equity investment				
PT Trikomsel Oke Tbk. ("TRIO")	-	-	-	-

The above equity investment represents the Group's remaining 8.22% investment in TRIO owing to the dilution of the Group's equity interest as described in Note 16. As the shares of TRIO continue to be suspended as at 31 December 2017, management has determined the value of the 8.22% investment in TRIO, carried at cost less impairment losses, is Nil.

18 Trade and Other Receivables

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Trade and other receivables (current)				
Trade receivables				
- Third party	4,577	4,029	-	-
- Associate	531	216	-	-
	5,108	4,245	-	-
Other receivables	5,385	4,062	-	262
Advances to suppliers	850	1,084	-	-
Refundable deposits	108	114	7	7
	11,451	9,505	7	269
Other receivables (non-current)				
Loans receivable due from franchisee (net of allowance)	951	174	-	-
Amounts due from subsidiaries	-	-	1,177	2,322
Refundable deposits	168	172	-	-
	1,119	346	1,177	2,322
Total trade and other receivables (current and non-current)	12,570	9,851	1,184	2,591

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. Further details regarding the allowance for impairment are set out in Note 29(a).

18 Trade and Other Receivables (cont'd)

(b) Other receivables

Other receivables are non-interest bearing. Included in other receivables are rebates/commission earned from retail outlets under Singtel franchise amounted to S$4,660,000 (2016: S$3,557,000) as at 31 December 2017. At the date of these financial statements, the Group has received S$3,828,000 (2016: S$2,952,000) of these outstanding rebates/commission.

(c) Advances to suppliers

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

(d) Refundable deposits

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

(e) Loans receivable due from franchisee

Loans receivable due from franchisee are unsecured and are to be settled in cash on demand commencing from the second quarter of 2019. The loans receivable are interest-bearing at 5.9% per annum but the Group has waived the interests for the current financial year. Further details regarding the loans receivable including the related allowance for impairment are set out below.

	Total S$'000
2015	
Loan I principal and interest	4,729
Less: Allowance for impairment	(4,729)
Total loan receivables	-
2016	
Loan II principal and interest	181
Total loan receivables	181
2017	
Loan III during the year	770
Total loan receivables	770
As at 31 December 2017	
Total loans receivable due from franchisee (including interest)	5,680
Less: Allowance for impairment	(4,729)
Total loans receivable due from franchisee, net	951

The Loan I including principal and interest of S$4,729,000 had been fully impaired in prior years. For the current financial year, the Group has waived the interests on the Loans II and III.

18 Trade and Other Receivables (cont'd)

(f) Amounts due from subsidiaries

Amounts due from subsidiaries are non-trade, unsecured, non-interest bearing and are to be settled in cash on demand. However, the outstanding amounts are not expected to be recalled within the next twelve months after the reporting period.

19 Inventories

	Group	
	2017	2016
	S$'000	S$'000
Statement of financial position		
Finished goods (at cost or net realisable value)	1,760	1,448
Statement of income		
Inventories recognised as an expense in cost of sales	74,440	84,512
Inventories written-down	14	46

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

20 Cash and Bank Balances

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Cash on hand and at bank	2,738	2,854	400	286
Fixed deposits	2,347	3,883	-	1
Cash and bank balances	5,085	6,737	400	287
Less: Pledged fixed deposits	(1,010)	(1,000)		
Cash and cash equivalents as per consolidated statement of cash flows	4,075	5,737		

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

The Group's fixed deposits of S$1,010,000 (2016: S$1,000,000) have been pledged as security for a banker guarantee granted to the Group. The Group's fixed deposits have maturity periods ranging from 3 to 9 months (2016: 1 to 3 months). The interest rates for the fixed deposits are between 0.95% and 1.45% (2016: 0.65% and 1.12%) per annum.

21 Loans and Borrowings

		Group		Company	
	Maturity	2017	2016	2017	2016
		S$'000	S$'000	S$'000	S$'000
Current					
Commercial properties loan					
- First	2018	99	104	99	104
- Second	2018	81	83	81	83
Investment properties loan					
- First	2018	63	61	63	61
- Second	2018	-	24	-	24
		243	272	243	272
Non-Current					
Commercial properties loan					
- First	2019 - 2032	1,730	1,826	1,730	1,826
- Second	2019 - 2034	1,712	1,787	1,712	1,787
Investment properties loan					
- First	2019 - 2034	1,093	1,155	1,093	1,155
- Second	2019 - 2034	-	598	-	598
		4,535	5,366	4,535	5,366
Total loans and borrowings		4,778	5,638	4,778	5,638

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

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

21 Loans and Borrowings (cont'd)

First commercial property loan

This loan is secured by a first mortgage over the Group's commercial property (Note 12) and is repayable in 240 instalments, bear interest at 3.22% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.12% below BCFR for the 2nd year, and 2.82% below BCFR for the 3rd year and thereafter at BCFR. Currently, BCFR is at 5.75% per annum.

Second commercial properties loan

These loans are secured by a first mortgage over the Group's commercial properties (Note 12) and are repayable in 240 instalments, bear interest at 3.32% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.02% below BCFR for the 2nd year, and 1.85% below BCFR for the 3rd year and thereafter 0.75% over BCFR. Currently, BCFR is at 5.75% per annum.

First investment properties loan

These loans are secured by the first mortgage over the Group's investment properties (Note 13) and are repayable in 240 instalments, bear interest at 3.22% below Bank's Commercial Financing Rate ("BCFR") for the 1st year, 3.12% below BCFR for the 2nd year, and 2.82% below BCFR for the 3rd year and thereafter 2.43% over BCFR. Currently, BCFR is at 5.75% per annum.

Second investment property loan

This loan was secured by a first mortgage over the Group's investment property (Note 13) and was repayable in 240 instalments, bore interest at 3.40% below Bank's Commercial Variable Rate 2 ("CR2") for the 1st year, 3.08% below CR2 for the 2nd year, and 2.30% below CR2 for the 3rd year and thereafter at CR2. CR2 was at 4.68% per annum.

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

22 Trade and Other Payables

	Group		Company	
	2017	2016	2017	2016
Trade and other payables	S$'000	S$'000	S$'000	S$'000
Trade payables	5,119	2,145	-	-
Other payables	3,313	4,668	149	290
Amounts due to subsidiaries	-	-	970	-
	8,432	6,813	1,119	290

Trade payables and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 60 day's terms. Other payables include amounts due to retail dealers amounted to S$2,672,000 (2016: S$3,618,000) as at 31 December 2017.

Amounts due to subsidiaries

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

23 Other Liabilities

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Accrued operating expenses	472	419	261	266
Deferred revenue	67	13	-	-
	539	432	261	266

24 Share Capital and Reserve

(a) Share Capital

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

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

24 Share Capital and Reserve (cont'd)

(b) Foreign Currency Translation Reserve

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

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

25 Non-controlling Interests

	Group	
	2017	2016
	S$'000	S$'000
At 1 January	509	506
Share of results of subsidiaries	(12)	3
Dilution of non-controlling interests (Note 15)	150	-
At 31 December	647	509

26 Employee Benefits

	Group	
	2017	2016
	S$'000	S$'000
Employee benefits (including directors)		
Salaries and bonuses	2,741	2,906
Central Provident Fund contributions	274	344
Other short-term benefits	156	289
	3,171	3,539

27 Related Party Transactions

A related party is defined as follows:

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

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

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

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

27 Related Party Transactions (cont'd)

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

Sale and Purchase of Goods and Services

	Group	
	2017	2016
	S$'000	S$'000
Rental income from:		
- An associate	-	28
Sales of finished goods to:		
- An associate	3,405	253

Compensation of Key Management Personnel

	Group	
	2017	2016
	S$'000	S$'000
Short-term employee benefits	876	846
Central Provident Fund contributions	18	31
Other short-term benefits	180	61
	1,074	938
Comprise amounts paid/payable to:		
Directors of the Company	970	797
Other key management personnel	104	141
	1,074	938

28 Commitments

Where the Group is a lessor

The Group and the Company have entered into commercial leases on its investment properties. These non-cancellable leases have remaining lease terms of 1 to 5 years (2016: 1 year).

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

	Group and Company	
	2017	2016
	S$'000	S$'000
Not later than one year	111	14
Later than one year but not later than five years	103	-
	214	14

Where the Group is a lessee

Operating lease commitments represent rentals payable by the Group for its retail outlets. These leases have a tenure period of between 1 and 5 years (2016: 1 and 5 years). They are negotiated for an average term of two years and rentals are fixed for an average of two years.

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

	Group	
	2017	2016
	S$'000	S$'000
Not later than one year	805	782
Later than one year but not later than five years	581	1,366
	1,386	2,148

29 Financial Risk Management

Financial Risk Management Objectives and Policies

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

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

(a) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from its trade receivables and loan receivables due from franchisee. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group determines concentrations of credit risk by monitoring the country of its trade receivables and loan receivables on an on-going basis. The credit risk concentration profile of the Group's trade and loan receivables at the reporting date is as follows:

	Group	
	2017	2016
	S$'000	S$'000
Trade and loan receivables by country:		
Singapore	4,575	3,991
Myanmar	951	174
Philippines	531	-
Others	2	254
	6,059	4,419

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and bank balances held by the Group are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

As at 31 December 2017, trade and loans receivables which are neither past due nor impaired amounted to S$5,605,000 (2016: S$4,188,000). These include the net loans receiv able due from franchisee amounted to S$951,000 (2016: S$181,000) (Note 18(e)) as at that date. In the opinion of management, there are no objective evidence that the aforesaid loans receivables are impaired based on the discussion with the management of the franchisee on their current operations and business plan and analysing the budget and cash flow forecast prepared by the franchisee.

29 Financial Risk Management (cont'd)

(a) Credit Risk (cont'd)

Financial assets that are past due but not impaired

There is no other class of the Group's and the Company's financial assets that is past due but not impaired except for trade receivables as set out below. These trade receivables are unsecured and the analysis of their aging at the reporting date is as follows:

	Group		Company	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Trade receivables past due:				
- Past due 0 - 30 days	191	176	-	-
- Past due 31 - 120 days	127	55	-	-
- More than 120 days	136	-	-	-
	454	231	-	-

Financial assets that are past due and impaired

There is no other class of the Group's and the Company's financial assets that is past due and impaired except for the Group's loans receivable due from franchisee that are determined to be individually impaired at the reporting date as disclosed in Note 18(e).

(b) Liquidity Risk

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

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

The Group will continue to review, formulate and implement a liquidity risk management policy and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 5% (2016: 5%) of the Group's loans and borrowings (Note 21) will mature in less than one year based on the carrying amount reflected in the financial statements.

29 Financial Risk Management (cont'd)

(b) Liquidity Risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying Amount S$'000
Group					
2017					
Financial assets:					
Trade and other receivables [(1)]	10,589	1,119	-	11,708	11,708
Cash and bank balances	5,101	-	-	5,101	5,085
Total undiscounted financial assets	15,690	1,119	-	16,809	16,793
Financial liabilities:					
Trade and other payables	8,432	-	-	8,432	8,432
Accrued operating expenses	472	-	-	472	472
Loans and borrowings	386	2,017	4,210	6,613	4,778
Total undiscounted financial liabilities	9,290	2,017	4,210	15,517	13,682
Total net undiscounted financial assets/(liabilities)	6,400	(898)	(4,210)	1,292	3,111
2016					
Financial assets:					
Trade and other receivables [(1)]	8,395	346	-	8,741	8,741
Cash and bank balances	6,748	-	-	6,748	6,737
Total undiscounted financial assets	15,143	346	-	15,489	15,478
Financial liabilities:					
Trade and other payables	6,813	-	-	6,813	6,813
Accrued operating expenses	419	-	-	419	419
Loans and borrowings	433	2,353	5,126	7,912	5,638
Total undiscounted financial liabilities	7,665	2,353	5,126	15,144	12,870
Total net undiscounted financial assets/(liabilities)	7,478	(2,007)	(5,126)	345	2,608

29 Financial Risk Management (cont'd)

(b) Liquidity Risk (cont'd)

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

	One year or less S$'000	One to five years S$'000	Over five years S$'000	Contractual cash flow S$'000	Carrying amount S$'000
Company					
2017					
Financial assets:					
Trade and other receivables [1]	7	1,177	-	1,184	1,184
Cash and bank balances	400	-	-	400	400
Total undiscounted financial assets	407	1,177	-	1,584	1,584
Financial liabilities:					
Trade and other payables	1,119	-	-	1,119	1,119
Other liabilities	261	-	-	261	261
Loans and borrowings	386	2,017	4,210	6,613	4,778
Total undiscounted financial liabilities	1,766	2,017	4,210	7,993	6,158
Total net undiscounted financial liabilities	(1,359)	(840)	(4,210)	(6,409)	(4,574)
2016					
Financial assets:					
Trade and other receivables [1]	269	2,322	-	2,591	2,591
Cash and bank balances	287	-	-	287	287
Total undiscounted financial assets	556	2,322	-	2,878	2,878
Financial liabilities:					
Trade and other payables	290	-	-	290	290
Other liabilities	266	-	-	266	266
Loans and borrowings	433	2,353	5,126	7,912	5,638
Total undiscounted financial liabilities	989	2,353	5,126	8,468	6,194
Total net undiscounted financial liabilities	(433)	(31)	(5,126)	(5,590)	(3,316)

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

29 Financial Risk Management (cont'd)

(c) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if the Bank Commercial Financing rate, Bank Commercial Variable rates and Bank's cost of funds had been 10 (2016: 10) basis points lower/higher with all other variables held constant, the Group's and Company's profit before income tax would have been S$3,480 (2016: S$4,680) higher/lower, arising as a result of lower/higher interest expenses on floating rate loans and borrowings.

(d) Foreign Currency Risk

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

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

	2017			2016		
	USD S$'000	EUR S$'000	Total S$'000	USD S$'000	EUR S$'000	Total S$'000
Group						
Financial assets						
Trade and other receivables	1,422	472	1,894	420	-	420
Cash and bank balances	2,313	89	2,402	3,167	-	3,167
	3,735	561	4,296	3,587	-	3,587
Financial liabilities						
Trade and other payables	(38)	(11)	(49)	-	-	-
Net financial assets	3,697	550	4,247	3,587	-	3,587

29 Financial Risk Management (cont'd)

(d) Foreign Currency Risk (cont'd)

If the following curriencies strengthens by 5% (2016: 5%) against S$ at the reporting date, with all other variables being held constant, the effect arising from the net financial assets position will be as follows:

	Group (Increase)/Decrease in profit before tax	
	2017 S$'000	2016 S$'000
USD	185	179
EUR	27	-

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

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

(e) Fair Value of Financial Instruments

Fair value measurements recognised in the statement of financial position

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

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

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

29 Financial Risk Management (cont'd)

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

Fair value hierarchy

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

(i) 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).

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

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

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

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments S$'000 (Level 1)	Significant observable inputs other than quoted prices S$'000 (Level 2)	Significant unobservable inputs S$'000 (Level 3)	Total S$'000	Carrying Amount S$'000
Group					
2017					
Assets:					
Investment properties	-	-	2,431	2,431	2,322
2016					
Assets:					
Investment properties	-	-	2,457	2,457	2,411

29 Financial Risk Management (cont'd)

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

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

Investment properties

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

Other financial assets and financial liabilities

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

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

(f) Excessive Risk Concentration

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

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

30 Capital Management

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

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

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

	Group	
	2017	2016
	S$'000	S$'000
Loans and borrowings	4,778	5,638
Trade and other payables	8,432	6,813
Less: Cash and bank balances	(5,085)	(6,737)
Net debt	8,125	5,714
Equity attributable to the equity holders of the Company	13,759	13,520
Capital and net debt	21,884	19,234
Gearing ratio	37%	30%

31 Segment Information

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

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

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

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

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

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

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

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

31 Segment Information (cont'd)

(a) Segment revenues and results

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

	Segment revenue		Segment profit/(loss)	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Distribution	12,956	34,016	721	(1,367)
Retail Consumer Electronics	21,765	13,879	(228)	(622)
Retail Telecommunication with Franchise (comprising Singtel)	45,866	41,930	323	475
Corporate	-	30	252	477
	80,587	89,855	1,068	(1,037)
Shares of profits of associates			245	46
Other income			23	320
Finance costs			(348)	(468)
Reversal of allowance for impairment loss of loan receivable from an associate			-	2,142
Profit before income tax			988	1,003

Revenue reported above represents revenue generated from external customers. There were no intersegment sales.

Segment profit/(loss) represents the profit/(loss) earned by each segment prior to the allocation of share of profits/(losses) of associates, other income and finance costs, and reversal of allowance for impairment loss of loan receivable from an associate.

31 Segment Information (cont'd)

(b) Reconciliation

	Group 2017 S$'000	Group 2016 S$'000
Segment assets		
Distribution	3,277	4,140
Retail Consumer Electronics	1,787	1,399
Retail Telecommunication with Franchise (Comprising Singtel)	12,143	11,230
Corporate	10,227	9,661
Total segment assets	27,434	26,430
Unallocated: Investments in associates	721	482
Consolidated total assets	28,155	26,912
Segment liabilities		
Distribution	412	693
Retail Consumer Electronics	476	249
Retail Telecommunication with Franchise (Comprising Singtel)	7,664	5,728
Corporate	419	575
Total segment liabilities	8,971	7,245
Unallocated: Loans and borrowings	4,778	5,638
Consolidated total liabilities	13,749	12,883

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

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

(c) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Distribution	4	10	-	-
Retail Consumer Electronics	15	143	290	37
Retail Telecommunication with Franchise (comprising Singtel)	254	277	54	28
Corporate	511	524	24	5
	784	954	368	70

31 Segment Information (cont'd)

(d) Geographical information

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

	Revenues		Non-Current assets	
	2017 S$'000	2016 S$'000	2017 S$'000	2016 S$'000
Singapore	75,360	89,572	7,895	8,325
Indonesia	1,793	-	-	-
Myanmar	29	30	-	-
Philippines	3,405	253	721	482
	80,587	89,855	8,616	8,807

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

Information about major customers

Revenues from 3 major customers amount to S$21,501,000 (2016: S$32,294,000) arising from sales by the retail sales segment.

32 Update of Matter that Gave Rise to a Disclaimer Opinion on the Financial Statements for the Financial Year Ended 31 December 2016

The auditor's report dated 5 April 2017 on the financial statements for the previous financial year ended 31 December 2016 contained a disclaimer opinion for the following matters as indicated in italics below. An update of the matters that gave rise to the disclaimer opinion in respect of the 31 December 2016 financial statements are as follows:

"Investment in associate, PT Trikomsel Oke Tbk

(i) *<u>2015</u>*

The consolidated financial statements for the financial year ended 31 December 2015 were audited by another firm of auditors who expressed a disclaimer opinion on those financial statements in their report dated 1 April 2016. The disclaimer opinion was in respect of the following matter:

For the financial year ended 31 December 2015, the Group equity accounted for its share of loss of S$16,618,000 of its associate, PT Trikomsel Oke Tbk ("TRIO"), for nine months up till 30 September 2015. As at that date, the Group also equity accounted for the post-acquisition loss of S$11,652,000 of TRIO. In view of the events faced by TRIO as disclosed in Note 16 to the financial statements, the management had made a full impairment loss of S$301,615,000 and S$313,267,000 on the Group's and Company's investment in TRIO respectively for the financial year ended 31 December 2015.

The financial statements of TRIO for the financial year ended 31 December 2015 were not made available to TRIO's auditor and the Company. Accordingly, the financial statements of TRIO for the financial year ended 31 December 2015 were not audited by TRIO's auditor.

Consequently, the auditor of the Company was unable to obtain sufficient information to determine the appropriateness of the impairment losses and share of results in TRIO for the financial year ended 31 December 2015, as well as the carrying amounts and recoverability of the Group's and Company's investment in TRIO as at 31 December 2015.

The matter referred to above remains unresolved in the current financial year as the financial statements of TRIO for the financial year ended 31 December 2015 were still not made available to TRIO's auditor and the Company.

(ii) *<u>2016</u>*

As disclosed in Note 16 to the financial statements, the Group has only equity accounted for the results of TRIO up till 30 September 2015, and has not equity accounted for its share of results of TRIO for the financial year ended 31 December 2016. The management has also continued to make a full impairment loss of S$301,615,000 and S$313,267,000 on the Group's and Company's investment in TRIO respectively as at 31 December 2016.

33 Update of Matter that Gave Rise to a Disclaimer Opinion on the Financial Statements for the Financial Year Ended 31 December 2016 (cont'd)

The non-equity accounting of the results of TRIO for the financial year ended 31 December 2016 is not in accordance with FRS 28 Investments in Associates and Joint Ventures. As there are no financial statements of TRIO available for the financial year ended 31 December 2016, we are unable to determine what the Group's share of results and net assets of TRIO and the related disclosures under FRS 112 Disclosure of Interests in Other Entities should have been had the equity accounting method been applied.

As further disclosed in Note 16 to the financial statements, certain developments occurred during the current financial year in respect of TRIO including the ending of the Penundaan Kewajiban Pembayaran Utang (PKPU) process. We have not been able to obtain sufficient appropriate audit evidence, taking into account these developments, to enable us to determine whether any allowance for impairment loss is required, and if made, the amount of impairment loss to be recognised, on the Group's and Company's investments in TRIO as at 31 December 2016."

As disclosed in Note 16, TRIO has issued its audited financial statements for the financial years ended 31 December 2015 and 2016. Accordingly, the Group's share of results and allowance for impairment of investment in TRIO have been restated as appropriate for the relevant years. The effects of the restatement of prior years are disclosed in Note 33.

Consequently, the matters that gave rise to the disclaimer opinion in respect of the 31 December 2016/2015 financial statements are considered resolved.

33 Restatement of Prior Years

As disclosed in Note 16, TRIO has issued its audited financial statements for the financial years ended 31 December 2015 and 2016. Accordingly, the Group's share of results and allowance for impairment of investment in TRIO have been restated as appropriate for the relevant years. There is no effect on the Company's investment in TRIO as it remained fully impaired as at 31 December 2015 and 2016.

Details of the restatement of prior years and the effects on the relevant line items of the Group's consolidated statement of comprehensive income, consolidated statement of financial position, and respective note to the consolidated financial statements are described below.

	As previously reported	Restatement	After restated
	S$'000	S$'000	S$'000
Group 31.12.2015			
Statement of comprehensive income			
Impairment of investment in an associate	(300,990)	301,615[(2)] (625)[(1)]	-
Share of results of associate	(16,742)	(302,242)[(1)]	(318,984)
Share of associate's other comprehensive income	(625)	625[(1)] 627[(1)]	627
Statement of financial position			
Investments in associates	470	-[(3)]	470
Accumulated losses	(391,227)	-[(3)]	(391,227)
Notes to the financial statements:			
Investments in associates			
Investments in associates, at cost:			
- TRIO	313,267	-	313,267
Share of post-acquisition reserves			
- TRIO	(11,652)	(302,242)[(1)] 627[(1)]	(313,267)
Allowance for impairment of investments			
- TRIO	(301,615)	301,615[(2)]	-
	-	-	-

33 Restatement of Prior Years (cont'd)

	As previously reported	Restatement	After restated
Group	S$'000	S$'000	S$'000
31.12.2016			
Statement of comprehensive income			
Impairment of investment in an associate	-	-(2)	-
Share of results of associate	(46)	-(4)	(46)
Share of associate's other comprehensive income	-	-(4)	-
Statement of financial position			
Investments in associates	482	-(5)	482
Accumulated losses	(390,167)	-(5)	(390,167)
Notes to the financial statements: Investments in associates			
Investments in associates, at cost:			
- TRIO	313,267	-(2)	313,267
Share of post-acquisition reserves			
- TRIO	(11,652)	(301,615)(2)	(313,267)
Allowance for impairment of investments			
- TRIO	(301,615)	301,615(2)	-
	-	-	-

31.12.2015

(1) Restated for the Group's share of losses and other comprehensive income of TRIO for the year with corresponding adjustment to the carrying amount of the investment. As the share of losses exceeded the Group's interest in TRIO, the Group only recognises share of losses up to the cost of the investment of S$313,267,000.

(2) Restated for the reversal of allowance for impairment as the Group's carrying amount of the investment in TRIO has been reduced to Nil after adjusting for the share of losses up to the Group's interest in TRIO.

(3) No impact to the accounts for the Group's investments in associates and accumulated losses as at 31 December 2015 as the restatement for the Group's share of results and allowance for impairment has a Nil net effect.

33 Restatement of Prior Years (cont'd)

31.12.2016

(4) The Group does not recognise further losses of TRIO for the reasons explained above.

(5) No impact to the accounts for the Group's investments in associates and accumulated losses as at 31 December 2016 as the Group's carrying amount of the investment in TRIO is Nil and the Group has not recognised further losses of TRIO.

34 Subsequent Event

On 28 February 2018, the Company entered into a sale and purchase agreement (the "Agreement") with a third party for the disposal of its wholly owned subsidiary, Polaris Telecom Pte. Ltd. ("Polaris Telecom"), for an aggregate cash consideration of S$6,000,000 (the "Proposed Disposal"). The Proposed Disposal shall take place and complete within six months from the date of the Agreement, upon satisfaction of the conditions precedent laid out in the Agreement. The Group preliminary estimated a net gain on disposal of approximately S$2.477 million based on the net assets of Polaris Telecom as at 31 December 2017

The Proposed Disposal is undertaken as part of the reorganisation of the Group, as it represents a divestment of the Group's entire Retail Telecommunication operating segment. Upon completion of the Proposed Disposal, the Group's remaining operating segments will be that of trading and distribution businesses.

STATISTICS OF SHAREHOLDINGS

As at 13 March 2018

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

The Company has no treasury shares as at 13 March 2018.
The Company has no subsidiary holdings as at 13 March 2018.

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	306	2.83	4,161	0.00
100 – 1,000	6,894	63.81	2,190,128	0.01
1,001 - 10,000	880	8.14	3,143,199	0.02
10,001 - 1,000,000	2,517	23.30	489,881,197	2.87
1,000,001 and above	207	1.92	16,557,951,133	97.10
Total	10,804	100.00	17,053,169,818	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Nominees (Pte) Ltd	9,287,380,483	54.46
2	DBSN Services Pte Ltd	6,172,686,769	36.20
3	Ong Kok Wah	70,000,000	0.41
4	Liu Kevin Yi Feng	60,000,000	0.35
5	DBS Nominees Pte Ltd	55,302,278	0.32
6	Low Woon Ming	53,600,000	0.31
7	OCBC Securities Private Ltd	42,620,520	0.25
8	Citibank Nominees Singapore Pte Ltd	41,705,965	0.25
9	CGS-CIMB Securities (S) Pte Ltd	41,490,515	0.24
10	Lee Jessie	41,308,170	0.24
11	United Overseas Bank Nominees Pte Ltd	29,026,885	0.17
12	Ang Chin San	28,431,000	0.17
13	Phillip Securities Pte Ltd	28,051,870	0.17
14	UOB Kay Hian Pte Ltd	23,595,800	0.14
15	Lim Kian Hong	21,000,000	0.12
16	Zeng Hang Cheng	20,868,500	0.12
17	OCBC Nominees Singapore Pte Ltd	18,375,610	0.11
18	Teo Ngee Hua	16,000,443	0.09
19	Lim Woei Ming Michael	15,000,000	0.09
20	Law Peng Kwee	13,972,000	0.08
	Total	**16,080,416,808**	**94.29**

STATISTICS OF SHAREHOLDINGS
As at 13 March 2018

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 13 March 2018.

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FREE FLOAT

As at 13 March 2018, approximately 10.45% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Polaris Ltd. will be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road Singapore 769162 on the 27th day of April 2018 at 2.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

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

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

3. To re-elect Mr Ong Kok Wah who is retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offered himself for re-election.
[See Explanatory Note] **Resolution 3**

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

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

AS SPECIAL BUSINESS

6. To approve Directors' fees of S$60,000 for the financial year ended 31 December 2017 (2016: S$76,666). **Resolution 5**

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

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

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

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

(ii) make or grant offers, agreements or options (collectively, **"Instruments")** that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

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

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

provided that:

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

Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (ii) below);

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

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

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

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

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

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

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

Resolution 6

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

8. **Proposed adoption of the new constitution**

THAT:

(a) the regulations contained in the New Constitution of the Company as set out in Appendix to the Annual Report dated 5 April 2018, be and are hereby approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the Existing Constitution; and

(b) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Special Resolution.

Resolution 7

BY ORDER OF THE BOARD

CARL JOHAN PONTUS SOENNERSTEDT

Executive Director & CEO

5 April 2018

Singapore

Explanatory Notes

On Ordinary Business

In relation to Item 2, Mr Masahiko Yabuki, upon re-election as a Director of the Company, will remain as Chairman of the Audit Committee and member of the Nominating and Remuneration Committees and will be considered independent for the purpose of Rule 704(7) of the Catalist Rules of SGX-ST.

There are no relationships (including immediate family relationships) between Mr Masahiko Yabuki and the other Directors, the Company or the 10% shareholder of the Company. Mr Masahiko Yabuki does not hold any directorship or past directorship in other listed company. Other Key information and principal commitments is disclosed in the “Board of Directors” section of the Annual Report.

In relation to item 3, Mr Ong Kok Wah, upon re-elected, will remain as Chairman, Chairman of the Remuneration and Nominating Committees and member of the Audit Committee and will be considered independent for the purpose of Rule 704(7) of the Catalist Rule of SGX-ST.

There are no relationships (including immediate family relationships) between Mr Ong Kok Wah and the other Directors, the Company or the 10% shareholder of the Company. Mr Ong Kok Wah is currently a director in ICP Limited. Mr Ong Kok Wah does not hold any past directorship in other listed company. Other Key information and principal commitments is disclosed in the “Board of Directors” section of the Annual Report.

On Special Business

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

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

(i) The Ordinary Resolution 5 proposed in item 6 above is to approve the payment of Directors' fees for the financial year ended 31 December 2017.

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

(iii) The Special Resolution 7 proposed in item 8 above is to adopt the new constitution of the Company.

Notes:

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

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

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

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

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

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

vii. The instrument appointing a proxy must be deposited at the registered office of the Company at 81 Ubi Avenue 4, #03-11 UB.One, Singapore 408830 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

Personal data privacy:

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

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

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

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

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IMPORTANT:

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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

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

of ________________ *(Address)*

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

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

and/or (delete as appropriate)

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

or failing him/her/them*, the Chairman of the Meeting as my/our proxy/proxies* to attend, speak and vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road Singapore 769162 on the 27th day of April 2018 at 2.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

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

No.	**Ordinary Resolutions**	**For**	**Against**
Ordinary Business			
1.	Audited Financial Statements, Directors' Statement and Auditors' Report for the financial year ended 31 December 2017		
2.	Re-election of Mr. Masahiko Yabuki as a Director pursuant to Article 93 of the Company's Constitution		
3.	Re-election of Mr. Ong Kok Wah as a Director pursuant to Article 86 of the Company's Constitution		
4.	Re-appointment of Moore Stephens LLP as Auditors of the Company		
Special Business			
5.	Approval of Directors' Fees of S$60,000 for the financial year ended 31 December 2017		
6.	Authority to allot and issue shares		
No.	**Special Resolutions**	**For**	**Against**
7.	Proposed Adoption of New Constitution		

**Please delete accordingly.*

Dated this .... day of .... 2018.

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

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

Notes:

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

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

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

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

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

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

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified thereof, shall be deposited at the registered office of the Company at 81 Ubi Avenue 4, #03-11 UB.One, Singapore 408830 not less than forty-eight (48) hours before the time appointed for the Meeting.

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

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

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

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

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, us e and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees t hat the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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