

**QUALIFIED OPINION BY THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2018**

1. FY2018 INDEPENDENT AUDITOR'S REPORT

Pursuant to Rules 704(4) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Board of Directors (the “**Board**”) of Annica Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s independent auditor, Baker Tilly TFW LLP (the “**Independent Auditor**”), has in its Independent Auditor’s report dated 8 April 2019, included a qualified opinion (“**Qualified Opinion**”) in relation to the Group’s audited financial statements and Company’s statement of financial position and statement of changes in equity for the financial year ended 31 December 2018 (the “**FY2018 Independent Auditor’s Report**”).

A copy of the FY2018 Independent Auditor’s Report and the relevant notes to the financial statements are annexed to this announcement as “**Appendix I**”.

The financial statements of the Group and of the Company for FY2018 and the FY2018 Independent Auditor’s Report will also be found in the Company’s annual report for FY2018, which will be released via the SGXNET and despatched to the Company’s shareholders (the “**Shareholders**”) in due course.

2. THE QUALIFIED OPINION

The extracts of the Qualified Opinion included in the FY2018 Independent Auditor’s Report are set out below:

“Qualified Opinion

We have audited the accompanying financial statements of Annica Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as set out on pages 51 to 129, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

As disclosed in Note 7 to the financial statements, the Group and Company have consideration due from the disposal of GPE Power Systems (M) Sdn Bhd (“GPE”) amounted to \$1,600,000. As further disclosed in Note 7 to the financial statements, the balance consideration is secured by a charge over shares of a private limited company and personal guarantee of a related party of the purchaser. We are unable to obtain sufficient appropriate audit evidence with respect to the amounts of cash flows that can be received by the Group and the Company from the shares pledged and the personal guarantee. Accordingly, we are not able to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the expected credit loss of this receivable.

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 qualified opinion.”

In connection with the Qualified Opinion, the Board would like to refer the Shareholders to its earlier announcements on 31 January 2019 and 15 February 2019 in relation to, *inter alia*, the responses provided by the Company following SGX-ST’s queries to the Company on 21 January 2019 and the extension of the due date of the Third Tranche Consideration under the SPA (the “**Earlier Announcements**”).

Terms used and not otherwise defined in this this announcement shall bear the same meanings as ascribed to them in the Earlier Announcements.

The Board wishes to reiterate that should the Purchaser fails to meet her payment obligations under the SPA, the Company will consider enforcing the security provided by the Guarantor. The Board wishes to further emphasise that, following a mutual agreement to defer the payment of the Third Tranche Consideration to 30 April 2019, the Purchaser is not currently in default of her payment obligations under the SPA as of the date of this announcement.

3. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the subject matter reported herein, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

By Order of the Board
ANNICA HOLDINGS LIMITED

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

8 April 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Continuing Sponsor, Stamford Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Catalist Rules.

The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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 Bernard Lui:
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANNICA HOLDINGS LIMITED****Report on the Audit of the Financial Statements*****Qualified Opinion***

We have audited the accompanying financial statements of Annica Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 51 to 129, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

As disclosed in Note 7 to the financial statements, the Group and Company have consideration due from the disposal of GPE Power Systems (M) Sdn. Bhd. ("**GPE**") amounted to \$1,600,000. As further disclosed in Note 7 to the financial statements, the balance consideration is secured by a charge over shares of a private limited company and personal guarantee of a related party of the purchaser. We are unable to obtain sufficient appropriate audit evidence with respect to the amounts of cash flows that can be received by the Group and the Company from the shares pledged and the personal guarantee. Accordingly, we are not able to obtain sufficient appropriate audit evidence to satisfy ourselves with respect to the expected credit loss of this receivable.

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 qualified opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANNICA HOLDINGS LIMITED (cont'd)****Report on the Audit of the Financial Statements (cont'd)*****Material Uncertainty Related to Going Concern***

We draw attention to Note 3.1 to the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 31 December 2018, the Group reported a net loss of \$3,845,000 (2017: \$1,324,000) which includes loss from continuing operations of \$4,038,000 (2017: \$1,909,000) and net cash used in operating activities of \$793,000 (2017: \$1,885,000), and the Company reported a net loss of \$3,230,000 (2017: \$1,099,000).

These factors indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, for the reasons disclosed in Note 3.1 to the financial statements, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 2018 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. As described in the Basis for Qualified Opinion section, we are unable to obtain sufficient appropriate audit evidence with respect to the expected credit loss of the balance confirmation due from the disposal of GPE. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANNICA HOLDINGS LIMITED (cont'd)****Report on the Audit of the Financial Statements (cont'd)*****Key Audit Matters (cont'd)*****Amount due from former subsidiary*****Description of key audit matter:***

As disclosed in Note 6 and 7 to the financial statements, the Group and Company have amounts due from a former subsidiary (GPE) amounted to \$2,860,000. The amount accounted for approximately 30% and 40% of the Group's and Company's total assets as at 31 December 2018 respectively.

The expected credit loss assessment of the amounts due from the former subsidiary is considered a key audit matter as the receivable forms a material portion of the Group's and the Company's assets and the expected credit loss assessment requires management to assess the financial conditions of the counterparty and exercise judgement and make estimates with respect to the probability of default and loss given default.

Our procedures to address the key audit matter:

We evaluated management's credit loss assessment of the receivable and assessed the reasonableness of management's judgement and assumptions applied in the assessment. We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

Emphasis of Matter

We draw your attention to Note 35 to the financial statements which describes the investigations by the Commercial Affairs Department.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANNICA HOLDINGS LIMITED (cont'd)****Report on the Audit of the Financial Statements (cont'd)*****Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ANNICA HOLDINGS LIMITED (cont'd)**

Report on the Audit of the Financial Statements (cont'd)

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

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

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

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

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

Report on other Legal and Regulatory Requirements

In our opinion except for the possible effects of the matter described in the Basis for Qualified Opinion Section of our report, 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 Tay Guat Peng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2019

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the financial year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Going concern

During the financial year ended 31 December 2018, the Group reported net loss of \$3,845,000 (2017: \$1,324,000), which includes loss from continuing operations of \$4,038,000 (2017: \$1,909,000) and net cash used in operating activities of \$793,000 (2017: \$1,885,000) and the Company reported a net loss of \$3,230,000 (2017: \$1,099,000). These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, the Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on going concerns basis as:

- (1) The review of the cash flow forecasts of the Group and of the Company for the financial year ending 31 December 2019 showed that the Group and the Company have adequate resources and will be able to generate sufficient cash flows in the next 12 months to meet their financial obligations as and when they fall due taking into consideration:
 - (a) improvement in the general operating environment for the Group activities which are expected to generate positive cash flows for the Group and the Company in the next 12 months;
 - (b) the Group's business segments in the Renewable Sector which are expected to register their maiden contributions during the next 12 months; and
 - (c) the Company targets to raise proceeds from the allotment and issuance of shares under an option agreement to Mr. Lim In Chong ("**Mr. Lim**") or to his designated investors and/or nominees in the next 12 months. On 1 April 2019, the Company has received notice of transfer of 500,000,000 options by Mr. Lim to a transferee ("**the transferred option**") and the transferee had notified the Company on his intention to exercise the transferred options as disclosed in Note 37.
- (2) As at 31 December 2018, both the Group and the Company are in net current asset positions. Subsequent to the financial year, pursuant to the second supplemental agreement dated 24 December 2018 entered between Premier Equity Fund Sub Fund F and Value Capital Asset Management Private Limited, the Company had further reduced its outstanding liabilities by fully redeeming the unconverted RCBs amounting to \$250,000 on 28 February 2019. In addition, the conversion and/or redemption of the balance outstanding RCBs amounting to \$500,000 had also been extended to 31 March 2020 (Note 37); and
- (3) The Directors are actively evaluating various strategies, including fund raising, acquisitions of suitable businesses as well as restructuring the Group's existing businesses or assets to improve the existing business and earnings base of the Group.

EXTRACT**3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)****3.1 Critical judgements made in applying accounting policies (cont'd)**Going concern (cont'd)

After considering the measures taken described above, the Directors believe that the Group and the Company have adequate resources to continue its operations as going concerns. The consolidated financial statements of the Group and the financial statements of the Company are prepared on a going concern basis.

The financial statements did not include any adjustments that may result in the event that the Group and the Company is unable to continue as going concerns. In the event that the Group and the Company is unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and current liabilities.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Investment in associated company

Management has considered the Group's representation in the board of HT Energy (S) Sdn. Bhd. ("HTES") and contractual terms in the shareholders agreement, and has determined that it has significant influence on HTES through the Group's shareholding of 49% but not control or joint control. Consequently, this investment has been classified as an associated company.

3.2 Key sources of estimation uncertainty

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

Investment in subsidiaries

The Group reviews the investment in subsidiaries at the end of the financial year to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

The carrying amounts of investment in subsidiaries at the end of the financial year are disclosed in Note 10.

EXTRACT**3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)****3.2 Key sources of estimation uncertainty (cont'd)**Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The carrying amount of property, plant and equipment is disclosed in Note 13.

Calculation of loss allowance

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

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Note 6, Note 7 and Note 32(b).

Income taxes and deferred tax liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax payable, deferred income tax liabilities and deferred income tax assets at 31 December 2018 was \$115,000 (2017: \$236,000), \$22,000 (2017: \$115,000) and \$1,000 (2017: \$2,000) respectively.

Information on unabsorbed tax losses and other temporary differences for which deferred tax assets/liabilities had not been recognised are stated in Note 26 and Note 18 respectively.

EXTRACT**6. Trade and other receivables**

	Group		Company	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Current</i>				
Trade receivables:				
Non-related parties	2,488	6,204	–	–
Less: Allowance for impairment	(772)	(1,197)	–	–
	1,716	5,007	–	–
Amounts due from subsidiaries	–	–	27	257
Other receivables	10	5	2	2
Amount due from a former subsidiary (GPE)	300	–	300	–
	310	5	329	259
Loan to a third party	–	274	–	–
Less: Allowance for impairment	–	(274)	–	–
	–	–	–	–
Loan to a former corporate shareholder of a subsidiary	24	24	–	–
GST receivable	39	49	5	11
Other recoverable	150	150	150	150
Less: Allowance for impairment	(150)	(150)	(150)	(150)
	–	–	–	–
Other current assets (Note 7)	2,098	1,670	2,134	1,338
	4,187	6,755	2,468	1,608
<i>Non-current</i>				
Trade receivables from a non-related party	–	56	–	–
Less: Allowance for impairment	–	(41)	–	–
	–	15	–	–
Other non-current assets (Note 7)	2,400	45	2,400	1,965
	2,400	60	2,400	1,965
	6,587	6,815	4,868	3,573

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries/ a former subsidiary

Amounts due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

The amount due from a former subsidiary (GPE) relates to management fee, is unsecured, interest-free and repayable on demand.

EXTRACT

6. Trade and other receivables (cont'd)

Loan to a former corporate shareholder of a subsidiary

Loan to a former corporate shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

Non-current trade receivables from a non-related party

The amount is unsecured and payable in accordance with a repayment schedule.

During the financial year ended 31 December 2017, the fair value of non-current trade receivables amounting to \$15,000 is computed based on cash flows discounted at market borrowing rate of 3.14% per annum. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

7. Other assets

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<i>Current</i>				
Advances to subsidiaries	–	–	306	220
Less: Allowance for impairment	–	–	–	(5)
	–	–	306	215
Amount due from an associate	28	15	18	15
Loan to a subsidiary	–	–	–	470
Loan to a former subsidiary (GPE)	160	–	160	–
	11,171	11,171	11,171	11,171
Advances to former subsidiaries	(11,171)	(11,171)	(11,171)	(11,171)
Less: Allowance for impairment	–	–	–	–
Third-party payment services	–	11	–	11
Refundable deposit placed with supplier for the purchase of inventories	106	327	–	–
Due from a director of a former subsidiary	–	51	–	–
Consideration due from disposal of a subsidiary	1,600	–	1,600	–
Security deposit	111	133	24	78
Prepayments	93	1,133	26	549
	2,098	1,670	2,134	1,338
<i>Non-current</i>				
Loan to a subsidiary	–	–	–	1,920
Loan to a former subsidiary (GPE)	2,400	–	2,400	–
Advance to an associate	–	45	–	45
	2,400	45	2,400	1,965
	4,498	1,715	4,534	3,303

EXTRACT**7. Other assets (cont'd)**Advances to subsidiaries/loan to a subsidiary

Advances to subsidiaries are unsecured, interest-free and payable on demand.

Loan to a subsidiary was unsecured, payable over 3 years and bears interest rate at 8% (2017: 8%) per annum.

The carrying amount of loan to a subsidiary approximated its fair value at the end of the reporting period. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

Advance to an associate

Advance to an associate was unsecured, payable over 3 years and bears interest rate of 8% per annum. This advance has been capitalised into 290,000 Redeemable Convertible Non-Cumulative Preference Shares.

The carrying amount of advance to an associate approximates its fair value at the end of the reporting period. The fair value measurement was categorised within Level 3 of the fair value hierarchy.

Consideration due from disposal of a subsidiary

Balance consideration due from the disposal of the subsidiary is secured against:

- (a) a charge over 21,875 ordinary shares, fully paid, of Seri Beskaya Sdn. Bhd., a private limited company representing 14.58% of its entire share capital, held by a related party of purchaser, Ms. Tan Yock Chew.
- (b) a personal guarantee by Ms. Tan Yock Chew in favour of the Company.

Loan to a former subsidiary (GPE)

An amount of \$2,560,000 being loan to a former subsidiary is unsecured and bears an interest rate of 8% per annum. The scheduled repayment of the restructured loan is payable over 3 years commencing in January 2019.

35. Other MattersMatters with Commercial Affairs Department

As announced by the Company on 4 April 2015 and 29 April 2015, the Company and certain of its subsidiaries, P.J. Services Pte Ltd, Nu-Haven Incorporated and IPT (which was disposed during the financial year ended 31 December 2016), were served with notices to provide certain information and documents for the period from 1 January 2011 to 3 April 2015 to the Commercial Affairs Department (the "CAD") in relation to its investigations into an offence under the Securities and Futures Act (Cap. 289). Since then, the Company has been co-operating fully with CAD in its investigations. On 24 January 2019, the CAD confirmed to the Company's external auditor that certain persons were charged in the State Courts for offences under the Securities and Futures Act, the Penal Code and Companies Act and its investigations against persons who may have facilitated the offences are still on-going. The CAD has not provided the Company with any further details or updates of its investigations.

The Company subsidiary's former employee is assisting the CAD with its investigations.

The Company had been informed that two of the Company's current directors and three ex-directors had received notices from CAD to seek their assistance in the investigations as set forth in the Company's announcement dated 26 July 2018 and 1 March 2019.

EXTRACT**35. Other Matters (cont'd)**Matters with Commercial Affairs Department (cont'd)

The business and day-to-day operations of the Group are not affected by the investigations and have continued as normal. However, the ongoing investigations have cast a negative outlook on the Company from the perspective of the financial institutions which are highly risk averse and pose limitations to the Group's growth and expansion plans.