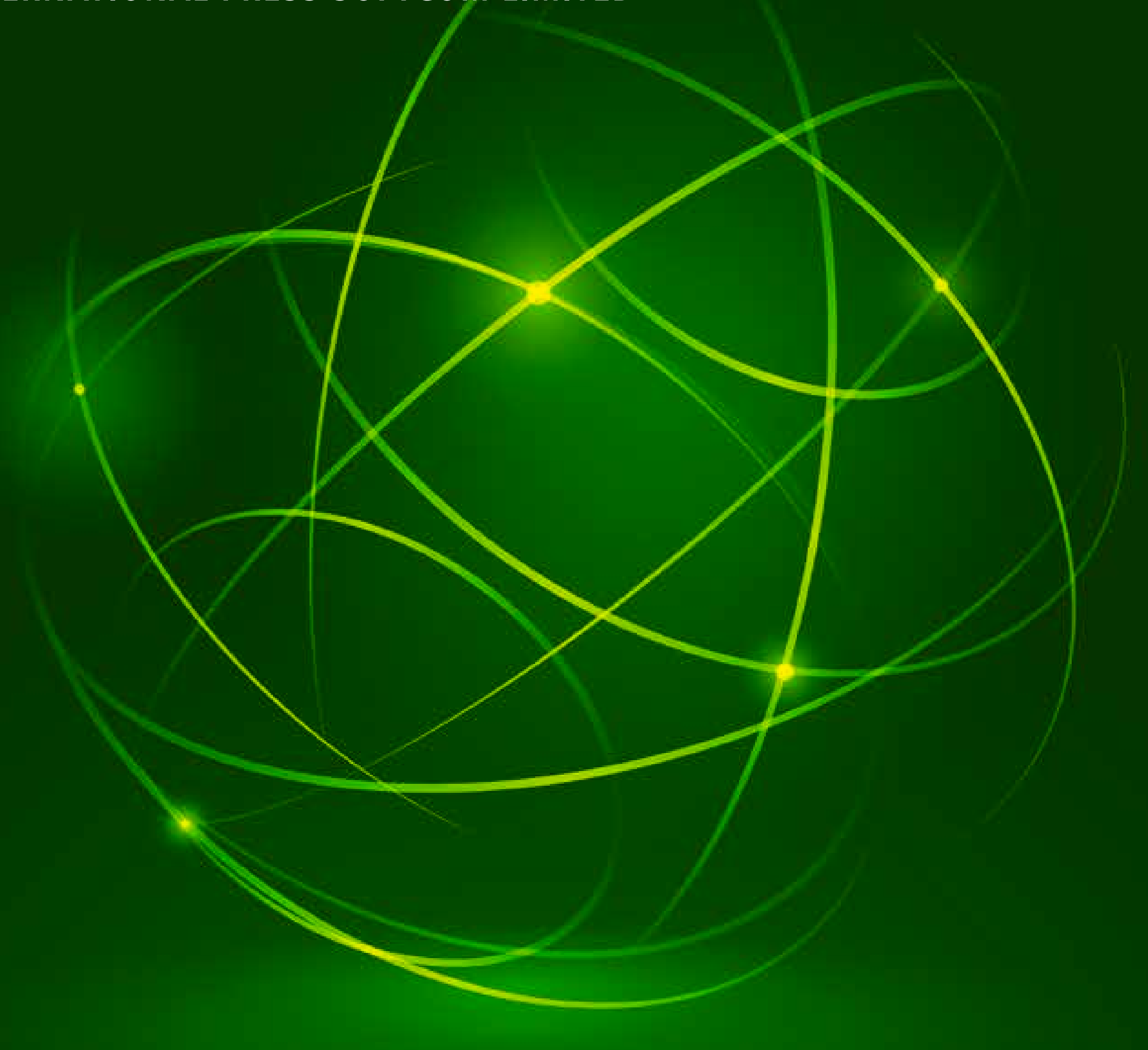
Annual Report

2019

INTERNATIONAL PRESS SOFTCOM LIMITED



CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the **"Sponsor"**) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Ms. Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

OUR MISSION

To be the leading global technology-based provider of value chain services, print and media products for our customers.

REGIONAL PRESENCE

OUR GROUP

International Press Softcom Limited (HQ)

IP Softcom (Malaysia) Sdn. Bhd

IP Media (Xiamen) Co., Ltd

IP Softcom (Shanghai) Co., Ltd / IPSCOM Supply Chain (Shanghai) Co., Ltd

IP Softcom (Shenzhen) Co., Ltd

IP Softcom (India) Pvt Ltd

Scantrans (India) Pvt Ltd

International Press Softcom (Vietnam) Co., Ltd

LIST OF ALL SUBSIDIARIES

- IP Softcom (Malaysia) Sdn. Bhd
- IP Media (Xiamen) Co., Ltd
- IP Softcom (Shanghai) Co., Ltd / IPSCOM Supply Chain (Shanghai) Co., Ltd
- IP Softcom (Shenzhen) Co., Ltd
- IP Softcom (India) Pvt Ltd
- Scantrans (India) Pvt Ltd
- International Press Softcom (Vietnam) Co., Ltd
- IP Ventures Pte Ltd
- InPac Ventures Pte Ltd
- Greenfield Ventures (M) Sdn. Bhd
- Avantouch Systems Pte Ltd
- Avantouch Software (Suzhou) Co., Ltd

FOUNDER'S STATEMENT

LOW SONG TAKE
Founder and
Executive Director

FOUNDER'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you our annual report for the financial year ended 31 December 2019 ("FY2019").

The year was marked by a slowing global economy, increasing uncertainty and weakening business sentiment, due largely to problems surrounding trade tensions between the US and China. In spite of the tepid macroeconomic landscape, we continue to see pockets of growth opportunities. For one, our operations in Vietnam continue to garner momentum. With that said, and in light of the recent Covid-19 virus outbreak, the extent of any potential impact on our business is difficult to ascertain at this stage as the situation continues to evolve. As such, we will continue to monitor the situation closely while adopting a prudent and cautious approach in the coming year.

In line with our last report, we remain focused on building a resilient business model by streamlining our costs and adopting a lean structure as we guide our business back to profitability. Aligned with our efforts to maximise shareholder value, we will remain prudent when prospecting for new opportunities, as we strive to diversify our revenue streams and chart sustainable growth for the Group.

OPERATIONS AND FINANCIAL REVIEW

Underpinned by a mixed performance for our supply chain management business, the Group recorded a 10.4% year-on-year ("yoy") contraction in revenue to S$29.3 million for FY2019. As a result of the lower turnover, raw materials and consumables used and changes in stock of finished goods and work in progress decreased 5.2% yoy to S$16.2 million for FY2019. Due to the marked reduction in orders, coupled by management's targeted efforts at managing staff costs, the Group's personnel expenses saw a 15.9% yoy decrease to S$8.1 million for FY2019.

The Group reported two one-off impairment losses in FY2019. This included an impairment loss on intangible assets of S$1.2 million, mainly related to the impairment of goodwill in the Group's partially-owned Indian subsidiary. The Group also reported an impairment loss on assets held for sale of S$3.7 million, mainly related to the impairment loss recognised on its Singapore leasehold property held for sale as at 31 December 2019. Finally, the adoption of SFRS(I) 16 *Leases*, resulted in an overall additional charge to the income statement of approximately S$0.2 million for FY2019.

Due to the one-off impairment losses and impact from the adoption of SFRS(I) 16, the Group recorded a net loss after tax to S$9.9 million for FY2019, an increase from S$4.7 million in the year before. In effect, the adjusted net loss after tax of S$4.9 million for FY2019 remained comparable to the net loss after tax of S$4.8 million (after adjusting for the non-recurring gain on asset held for sale of S$0.1 million) for FY2018.

GEOGRAPHICAL PERFORMANCE

The Group's overall decline in turnover for FY2019 was an aggregate result of the following:

- Turnover for the Group's Singapore, Malaysia, China and India operations fell 17.6%, 18.7%, 15.3% and 17.0% to S$1.5 million, S$3.1 million, S$6.3 million and S$11.0 million, mainly due to weak demand and a reduction in orders from customers in FY2019.

The above declines in the respective geographies were offset by the following:

- Turnover for the Group's Vietnam operations grew 17.0% yoy to S$7.3 million for FY2019, due to growth in sales from existing customers.

OUTLOOK

As we remain attentive to the challenges we face in light of the current macroeconomic landscape, we will continue to optimise our operations while prospecting for value accretive opportunities within high-growth markets in the region. While the Group maintains a cash balance of approximately S$3.0 million as at 31 December 2019, we may explore other avenues to further strengthen our balance sheet.

Of notable mention, we recently entered into a memorandum of understanding with an independent third-party purchaser for the sale of our head office and logistics management hub at 26 Kallang Avenue, for an aggregate consideration of S$26.0 million. Subject to the approval of shareholders, the Board is of view that the proposed disposal of 26 Kallang Avenue is in the best interest of the Group, as it will unlock value attached to the under-utilised asset.

APPRECIATION

To conclude this message, I would like to take the opportunity to sincerely thank our committed management team and employees for your hard work and dedication throughout the years. Furthermore, I would like to show appreciation to our valued customers and business partners who continue to stick with us through these challenging times. Last but not least, I am sincerely grateful for our valued shareholders for your years of unwavering support and belief in our Board and management team, as we strive to steer our business back on its growth trajectory in the years ahead.

Yours Sincerely,

LOW SONG TAKE
Founder and Executive Director

BOARD OF DIRECTORS

From left to right front row

MR WOO KHAI SAN
Executive Director

MR LOW SONG TAKE
Founder and
Executive Director

MR LOW KA CHOON KEVIN
Managing Director/
Chief Executive Officer

From left to right back row

MR WOO KHAI CHONG
Vice Chairman Executive
Director

MR TIONG CHOON HIENG STEVEN
Chairman Independent
Non-Executive Director

MR NEO GIM KIONG
Lead Independent
Director

MR LOH YIH
Independent Director

CORPORATE CULTURE

Customer Focused

Results Oriented

Commitment

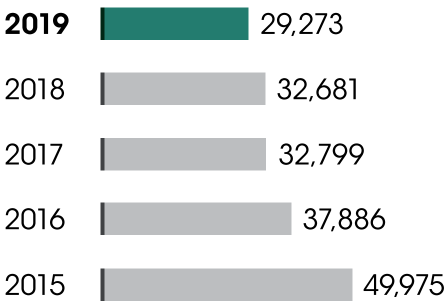
Team Spirit

Innovative

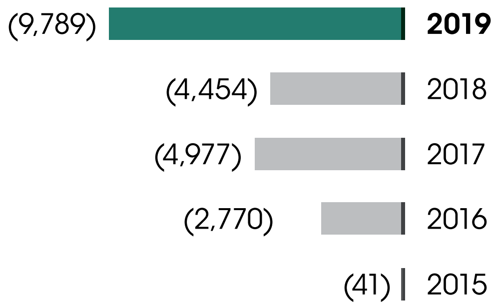
Excellent Work Environment

FINANCIAL HIGHLIGHTS

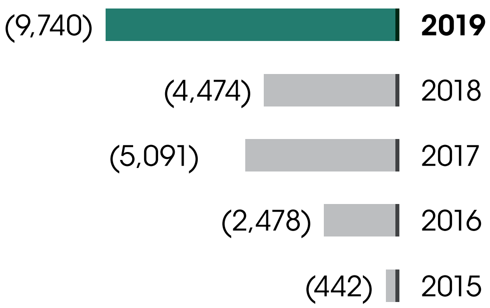
TURNOVER (S$'000)



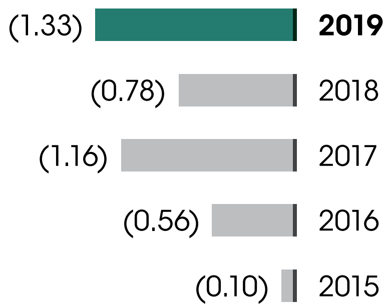
LOSS BEFORE TAX (S$'000)



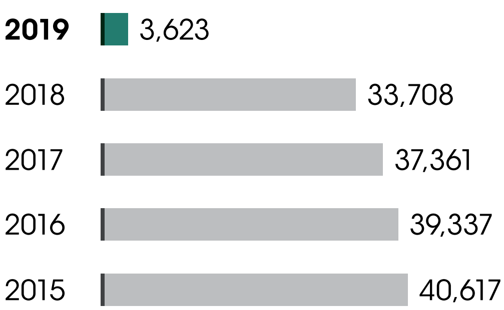
LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$'000)



LOSS PER SHARE (CENTS)



PROPERTY, PLANT AND EQUIPMENT (S$'000)



CORPORATE GOVERNANCE STATEMENT

DISCLOSURE TABLE FOR COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE AND CATALIST RULES

The Board of Directors ("**Board**") of International Press Softcom Limited (the "**Company**" and together with its subsidiaries, the "**Group**") are committed to maintaining high standards of corporate governance and place importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This report outlines the Company's corporate governance practices in place during the financial year ended 31 December 2019 ("**FY2019**"), with specific reference made to the Code of Corporate Governance 2018 (the "**Code 2018**"), its related practice guidance ("**PG**"), guidelines from Code of Corporate Governance 2012 ("**Code 2012**") which are still in effect as well as the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code 2018, Code 2012 and the Guide, where applicable.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code 2018, Code 2012 and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2019.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">BOARD MATTERS</td></tr>
<tr><td colspan="3">THE BOARD'S CONDUCT OF AFFAIRS</td></tr>
<tr><td>1.1</td><td><u>Board composition</u></td><td>As at 15 April 2020, the Board has 7 members and comprises the following:
<table>
<tr><th colspan="2">Composition of the Board</th><th colspan="3">Composition of the Board Committees
• C – Chairman
• M - Member</th></tr>
<tr><th>Name of Director</th><th>Designation</th><th>AC(1)</th><th>NC(2)</th><th>RC(3)</th></tr>
<tr><td>Mr. Tiong Choon Hieng Steven</td><td>Independent Non-Executive Chairman</td><td>M</td><td>C</td><td>M</td></tr>
<tr><td>Mr. Woo Khai Chong</td><td>Vice Chairman and Executive Director</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Mr. Low Song Take</td><td>Founder and Executive Director</td><td>–</td><td>M</td><td>–</td></tr>
<tr><td>Mr. Low Ka Choon Kevin</td><td>Managing Director / Chief Executive Officer ("CEO")</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Mr. Woo Khai San</td><td>Executive Director ("ED")</td><td>–</td><td>M</td><td>–</td></tr>
<tr><td>Mr. Neo Gim Kiong</td><td>Lead Independent Director ("LID")</td><td>C</td><td>M</td><td>M</td></tr>
<tr><td>Mr. Loh Yih</td><td>Independent Director ("ID")</td><td>M</td><td>M</td><td>C</td></tr>
</table>
Notes:
(1) The AC comprises 3 members, all of whom, including the Chairman, are independent and are non-executive Directors.
(2) The NC comprises 5 members, the majority of whom, including the Chairman, are independent. The Lead Independent Director is a member of the NC.
(3) The RC comprises 3 members, all of whom, including the Chairman, are independent and are non-executive Directors.</td></tr>
<tr><td></td><td><u>Role of Board</u></td><td>Entrusted to lead and oversee the Group, the Board is to act in the best interests of the Group. In addition to its statutory duties, the Board's principle functions are to:

• Set out overall long-term strategic plans and objectives for the Group and ensure that the necessary resources are in place for the Group to meet its objectives;
• Establish a framework of prudent and effective internal controls and risk management strategies which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
• Review key management personnel's performance;
• Ensure good corporate governance practices to protect the interests of shareholders;
• Oversee, through the NC, the appointments, re-election and resignation of Directors and the Management;
• Oversee, through the RC, the design and operation of an appropriate remuneration framework;
• To chart broad policies and strategies of the Company; and
• To approve annual budget and financial plan</td></tr>
</table>

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Practices relating to conflict of interest	The Board is guided by the provisions of the constitution of the Company (the "**Constitution**"), which aim to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict with the interests of the Company. All Directors are required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required and refresh the required declarations annually. Directors are required to recuse themselves from all deliberations/voting in relation to the matters which he or she has a conflict of interest in.
1.2	*Directors' training and orientation* (a) Are new Directors given formal training? If not, please explain why.	All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities, principle locations of operations and meet with key management personnel. In addition, as required under the SGX-ST Listing Manual: Section B: Rules of Catalist ("**Catalist Rules**"), a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	The Board values on-going professional development and recognises that it is important that all Directors receive regular training to serve effectively on and contribute to the Board. The Board has therefore established a policy on continuous professional development for Directors. To ensure Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development. Professional development may relate to a particular subject area, committee membership, or key developments in the Company's environment, provided by accredited training providers. Directors are encouraged to consult the Chairman and CEO/Managing Director if they consider that they personally, or the Board as a whole, would benefit from specific education or training on matters that fall within the responsibility of the Board or relate to the Company's business. Such training costs are borne by the Company. The Company would also arrange for the senior management to brief the Directors on the Group's business annually or at the request of the Directors.
	Training attended for FY2019	While the Directors have not attended any trainings for FY2019, briefings and updates for the Directors include the external auditors ("**EA**") having briefed the AC on changes or amendments to accounting standards and the Company Secretary having briefed the Board on regulatory changes, such as changes to the Companies Act, Code 2018 and/or the Catalist Rules.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.3</td><td>Matters requiring Board's approval</td><td>Matters, that require the Board's approval and are clearly communicated to Management in writing include but are not limited to:
• Major corporate policies on key areas of operation;
• Major funding proposals or bank borrowings exceeding S$1 million;
• Corporate or financial restructuring and share issuances;
• Mergers and acquisitions exceeding S$1 million;
• Material acquisitions and disposals exceeding S$1 million;
• Declaration of dividends and other returns to shareholders of the Company;
• Approval of transactions involving interested party transactions; and
• Appointments of new Directors</td></tr>
<tr><td>1.4</td><td>Delegation to Board Committees</td><td>The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees"). The composition of the Board Committees is set out in Section 1.1 of Table I.</td></tr>
<tr><td>1.5</td><td>Attendance of Board and Board Committees</td><td>The Board meets on a half-yearly basis, and as and when circumstances require. In FY2019, the number of Board and Board Committee meetings held, and the attendance of each Board member are shown below.
<table>
<tr><th colspan="5">Table 1.5 – Board and Board Committee Meetings in FY2019</th></tr>
<tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Number of Meetings Held</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><th>Name of Director</th><th colspan="4">Number of Meetings Attended</th></tr>
<tr><td>Mr. Tiong Choon Hieng Steven</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Woo Khai Chong</td><td>3</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>Mr. Low Song Take</td><td>3</td><td>NA</td><td>1</td><td>NA</td></tr>
<tr><td>Mr. Low Ka Choon Kevin</td><td>3</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>Mr. Woo Khai San</td><td>3</td><td>NA</td><td>1</td><td>NA</td></tr>
<tr><td>Mr. Neo Gim Kiong</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Mr. Loh Yih</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
</table>
NA – Not Applicable

The Company's Constitution allow for meetings to be held through telephone, videoconference or similar communication equipment whereby all persons participating in the meeting are able to hear one another.</td></tr>
</table>

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.6</td><td>Access to information

What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>Directors are provided with complete and adequate information related to agenda items in a timely manner for them to make informed decisions and discharge their duties and responsibilities.

Management provides the Board with key information that is complete, adequate and timely prior to meetings and whenever required.The information provided Directors for FY2019 is set out in the table below.

<table>
<tr><th colspan="3">Table 1.6 – Types of information provided by Management</th></tr>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>Half-yearly</td></tr>
<tr><td>2.</td><td>Updates to the Group's operations and the markets in which the Group operates in</td><td>Half-yearly</td></tr>
<tr><td>3.</td><td>Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditor's ("EA") report(s)</td><td>Half-yearly</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>Yearly</td></tr>
<tr><td>5.</td><td>Internal auditors' ("IA") report(s)</td><td>Yearly</td></tr>
<tr><td>6.</td><td>Research report(s)</td><td>Yearly</td></tr>
<tr><td>7.</td><td>Shareholding statistics</td><td>Yearly</td></tr>
</table>

Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate a constructive and effective discussion during the scheduled meetings. As such, Management endeavours to circulate information at least one week prior to the meetings to allow sufficient time for review by the Directors.

Management will also on best endeavour, encrypt documents which bear material price sensitive information when circulating documents electronically. Management will also provide any additional material information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</td></tr>
<tr><td>1.7</td><td>Change of company secretary

Access to Management and company secretary

Access to professional advice</td><td>The appointment and removal of the company secretary is a matter for the Board as a whole.

Directors have separate and independent access to the Management and company secretary at all times.

Individually or collectively, in order to execute their duties, Directors can obtain independent professional advice at the Company's expense where required.</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
BOARD COMPOSITION AND GUIDANCE		
2.1 2.2 2.3 3.3	*Board composition* Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Company complies to Guideline 2.1 of Code 2012 as Independent Directors make up at least one-third of the Board. However, the Board notes that Provision 2.3 of the Code 2018 requires Non-executive Directors to make up a majority of the Board. After due deliberation, the Board has assessed and is satisfied that the current Board possesses a strong element of independence, and there are adequate checks and balances, facilitated by internal practices to ensure objective and independent decision making without excessive influence by the Management. The NC and Board will review the board composition as and when required and institute changes when the need arises.
	Lead Independent Director	Mr. Neo Gim Kiong has also been appointed as the Lead Independent Director of the Company and makes himself available to shareholders if they have concerns relating to matters that contact through the Chairman, CEO/Managing Director and/or Group Financial Controller ("**GFC**") has failed to resolve, or where such contact is inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings. The Lead Independent Director is also responsible for leading the meetings of independent directors and providing feedback to the Chairman on matters discussed at such meetings. He assists in the development of succession plans for the Chairman and/or CEO/Managing Director as well as the assessment of the Chairman's remuneration.
2.1 4.4 Code 2012 – Guideline 2.4	*Independence assessment of Directors*	The Board considers the existence of relationships or circumstances, including those identified by the Code 2018 and Catalist Rules, that are relevant to determine whether a Director is independent. In addition, the NC reviews the individual director's declaration in their assessment of independence. The NC has reviewed and confirmed that the independence of the Independent Directors is in accordance with the Code 2018, PG and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code 2018, PG and Catalist Rules.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code and Catalist Rules that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship that would otherwise deem him not to be independent.

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Independent Directors serving beyond nine years Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	As required by Code 2012, the independence of any director who served beyond nine years from the date of his first appointment should be subjected to particularly rigorous review. Notwithstanding that Mr. Tiong Choon Hieng Steven ("**Mr. Tiong**") has served beyond nine years since the date of his first appointment, the Board is of the view that Mr. Tiong is independent as he has: • contributed constructively throughout his term in the Company; • sought clarification and amplification as he deemed necessary, including through direct access to key management personnel; and • provided impartial advice and insights by exercising his independent judgement in doing so when participating in deliberations and decision making of the Board and Board Committees. The NC further notes that neither Mr. Tiong nor his associates have any business dealings with the Group. The following assessments were conducted and deliberated by the Board before arriving at the aforementioned conclusion:- • Mr. Tiong's declaration and individual evaluation; and • peer and board committee performance assessment completed by the other Directors; Mr. Tiong had abstained from deliberating on the matter relating to his assessment.
	Board diversity (a) What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board is mindful that diversity is not specific to gender or certain personal attributes and would strive to ensure the diversity would enhance the long-term success of the Group. The objective of the policy is to avoid groupthink and foster constructive debate and ensure that composition is optimal to support the Group's needs in the short and long term. The Board does not currently have a female director. While the NC is aware of the merits of gender diversity to the Board composition, the NC notes that it is only one of the many aspects of diversity. While due consideration would be given to female representation on the Board, the NC will continue to make its selection of candidates based on objective criteria which it believes is in the best interest of the Company.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

<table>
<tr><th colspan="3">Table 2.4 – Diversity of the Board</th></tr>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>– Accounting or finance</td><td>3</td><td>3:7</td></tr>
<tr><td>– Business management</td><td>7</td><td>7:7</td></tr>
<tr><td>– Legal or corporate governance</td><td>4</td><td>4:7</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>4</td><td>4:7</td></tr>
<tr><td>– Strategic planning experience</td><td>7</td><td>7:7</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>4</td><td>4:7</td></tr>
<tr><td>Gender</td><td></td><td></td></tr>
<tr><td>– Male</td><td>7</td><td>7:7</td></tr>
<tr><td>– Female</td><td>–</td><td>–</td></tr>
</table>
</td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board took the following steps to maintain or enhance its balance and diversity:

• Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
• Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</td></tr>
<tr><td>2.5</td><td><u>Meeting in the absence of the Management</u></td><td>The Independent Directors, led by the Chairman, meet regularly in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. The Chairman provides feedback to the Board as appropriate.

For FY2019, the Independent Directors met once in the absence of key management personnel.</td></tr>
</table>

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
CHAIRMAN AND CHIEF EXECUTIVE OFFICER		
3.1 3.2	*Role of Chairman and CEO*	The Chairman leads the Board discussions, fostering constructive conditions that renders the Board effective and monitors the translation of the Board's decisions to the Management. He facilitates effective contribution and promotes high standards of corporate governance. The Chairman also ensures effective communication with shareholders of the Company. The CEO/Managing Director takes a leading role in developing the businesses of the Group and manages the day-to-day operations with the assistance of key management personnel. He proposes strategic proposals to the Board and implements decisions made by the Board.
	Relationship between Chairman and CEO	The Chairman and CEO/Managing Director are not related. Their roles are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision making.
BOARD MEMBERSHIP		
4	*Steps taken to progressively renew the Board composition*	The Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required. To meet the changing challenges in the industry and countries which the Group operates in, such reviews, which includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on a regular basis to ensure that the Board dynamics remain optimal.
4.1	*Role of NC*	The NC is guided by key terms of reference as follows: (a) re-nominate the Directors having regard to the Directors' contribution and performance; (b) determine annually whether or not a Director is independent; (c) assess whether a Director is able to and has been adequately carrying out his duties as a Director of the Company; (d) review the Board's structure, size, composition including the review of Board succession plans for Directors, in particular the Chairman and the CEO/Managing Director and make recommendations to the Board with regards to any adjustments that are deemed necessary; and (e) reviews the training and professional development programs for the Board from time to time. For the review of succession plans and Board's composition for FY2019, the NC also took into consideration the amendments to the Catalist Rules in relation to the continued appointment of an independent director who has served for an aggregate period of more than nine years, bearing in mind that requirements for such directors to be considered independent will come into effect from 1 January 2022. Please refer to page 15 of the Annual Report for details on the NC's assessment of Mr. Tiong.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr>
<td>4.3</td>
<td><u>Selecting, Appointment and Re-appointment of Directors</u>

Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.</td>
<td>
<table>
<tr><th colspan="3">Table 4.3(a) –Selection and Appointment of New Directors</th></tr>
<tr><th colspan="3">The NC: -</th></tr>
<tr><td>1.</td><td>Determine selection criteria</td><td>• In consultation with the Board, identifies the current needs and inadequacies the Board requires to complement and strengthen the Board.
• Determines the role and which competencies are required for the new appointment after such consultation.</td></tr>
<tr><td>2.</td><td>Candidate search</td><td>• Considers candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assesses shortlisted candidates</td><td>• Meets and interviews the shortlisted candidates to assess their suitability and ensure shortlisted candidates are aware of the expectation and level of commitment required.</td></tr>
<tr><td>4.</td><td>Proposes recommendations</td><td>• Makes recommendations for Board's consideration and approval.</td></tr>
</table>

<table>
<tr><th colspan="3">Table 4.3(b) – Re-election of Incumbent Directors</th></tr>
<tr><th colspan="3">The NC: -</th></tr>
<tr><td>1.</td><td>Assesses incumbent director</td><td>• Assesses the performance of the director in accordance with the performance criteria set by the Board.
• Considers the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Proposes re-appointment of director</td><td>• Recommends the re-appointment of the Director to the Board for its consideration and approval, subject to its satisfactory assessment.</td></tr>
</table>

After reviewing and considering the NC's recommendations, the Board would make the decision to appoint the new director and/or propose the re-election of the incumbent director for shareholders' approval.

Pursuant to Article 117 of the Company's Constitution, at least one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting of the Company. The Company's Constitution and the Catalist Rules, provides that all Directors shall retire by rotation at least once every three years and such retiring Director shall be eligible for re-election.

The NC, with the respective member interested in the discussion having abstained from the deliberations, recommended Mr. Low Song Take, Mr. Woo Khai San and Mr. Loh Yih be nominated for re-election at the forthcoming Annual General Meeting ("AGM").

Mr. Low Song Take, upon re-election as a Director of the Company, remains as the Executive Director and a member of the NC of the Company.
</td>
</tr>
</table>

TABLE I - COMPLIANCE WITH THE CODE 2018

Principle	Code and/or Guide Description	Company's Compliance or Explanation
		Mr. Woo Khai San, upon re-election as a Director of the Company, remains as the Executive Director and a member of the NC of the Company. Mr. Loh Yih, upon re-election as a Director of the Company, remains as an Independent Director, Chairman of the RC and a member of the AC and NC. The Board considers Mr. Loh Yih to be independent for the purposes of Rule 704(7) of the Catalist Rules. Table III of the Annual Report sets out the key information of Mr. Low Song Take, Mr. Woo Khai San and Mr. Loh Yih.
4.5	*Assessment of Directors' duties*	Assessment of the individual Directors' performance was based on the criteria set out in Section 5.1 of Table I. The following were used to assess the performance and consider competing time commitments of the Directors: - • Declarations by each Director of their other listed company directorships and principal commitments; and • Annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments The NC had reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and principal commitments of each of the Directors (if any) as set out below, and is satisfied that all Directors were able to diligently discharge their duties for FY2019.
	Other listed company directorships and principal commitments of Directors	See Table 4.5 below

Table 4.5 – Other listed company directorships and principal commitments of Directors

Name of Director	Listed Company Directorships	Principal Commitments
Mr. Tiong Choon Heng Steven	–	–
Mr. Woo Khai Chong	–	–
Mr. Low Song Take	–	–
Mr. Low Ka Choon Kevin	Sen Yue Holdings Limited	–
Mr. Woo Khai San	–	–
Mr. Neo Gim Kiong	(i) Ban Leong Technologies Limited (ii) Sen Yue Holdings Limited (iii) Acesian Partners Limited	(i) Founding director of Bizmen Corporation and Dollar Tree Inc Pte. Ltd. (ii) Executive Director and Chief Executive Officer of Sen Yue Holdings Limited
Mr. Loh Yih	(i) Ban Leong Technologies Limited (ii) Acesian Partners Limited	(i) Managing Partner of MGF Management Pte. Ltd. (ii) Group Executive Chairman of Acesian Partners Limited

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	Multiple Directorships	
	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	The Board has not capped the maximum number of listed company board representations each Director may hold.
	(b) If a maximum has not been determined, what are the reasons?	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after considering his or her other listed company board directorships and other principal commitments, not guided by a numerical limit. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to value-add and contribute as members of the Board. However, the NC would continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.
	(c) What are the specific considerations in deciding on the capacity of directors?	The specific considerations in assessing the capacity of Directors include: • Attendance of the Directors and their contributions at meetings of the Board and Board Committees; • Expected and/or competing time commitments of Directors, including whether such commitment is a full-time or part-time employment capacity; • Geographical location of Directors; • Size and composition of the Board; • Nature and scope of the Group's operations and size; and • Capacity, complexity and expectations of the other listed directorships and principle commitments held.
PG 4	*Alternate Directors*	Alternate directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age related concerns as well as Management succession plans. The Company currently does not have any alternate directors.

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><th colspan="3">BOARD PERFORMANCE</th></tr>
<tr><td>5.1</td><td><u>Performance Criteria</u></td><td>Table 5.1 sets out the performance criteria, recommended by the NC and approved by the Board, to evaluate the effectiveness of the Board as a whole and its Board Committees, and to assess the contribution by each Director.

<table>
<tr><th colspan="3">Table 5.1 – Performance Criteria</th></tr>
<tr><th></th><th>Board</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Access to information
3. Board processes
4. Strategic planning
5. Board accountability
6. Risk Management
7. Succession planning</td><td>1. Commitment of time
2. Knowledge and abilities
3. Teamwork
4. Independence (if applicable)
5. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Return to profitability</td><td>1. Attendance at Board and Board Committee meetings</td></tr>
</table>

The NC would review the criteria periodically to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long term shareholders value, thereafter propose amendments if any, to the Board for approval.

Notwithstanding the challenging economic climate, the NC did not propose any changes to the performance criteria for FY2019 as compared to the previous financial year as the Board composition and the Group's principal business activities remained the same.</td></tr>
<tr><td>5.2</td><td><u>Performance Review</u>

(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>The reviews of the performance of the Board, Board Committees and individual Directors are conducted collectively by the NC and the Board annually. The Board's performance will also be reviewed informally by the NC with inputs from Board members and the CEO/Managing Director. The review of the performance of each Director is also conducted at least annually and when the individual Director is due for re-election.

For FY2019, the review process was as follows:

1. All Directors individually completed board evaluation questionnaires on the effectiveness of the Board, Board Committees and the individual Directors based on criteria disclosed in Table 5.1 of Principle 5.1;
2. The Company Secretary collated and submitted the questionnaire results to the NC Chairman in the form of a report; and
3. The NC discussed the report and concluded the performance results during the NC meeting

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance or re-appointment as a Director of the Company.

No external facilitator was used in the evaluation process.</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	(b) Has the Board met its performance objectives?	The NC is satisfied that each Director has contributed effectively and demonstrated commitment to their respective role (including commitment of time for the Board and Board Committee meetings, and any other duties) in FY2019. The Board as a whole has also met its performance criteria and objectives in FY2019.
REMUNERATION MATTERS		
DEVELOPING REMUNERATION POLICIES		
6.1 6.3	*Role of the RC*	The RC is guided by key terms of reference which includes: (a) Review and recommend to the Board a general framework of remuneration and specific remuneration packages for each Director and key management personnel; (b) Consider and approve termination payments, retirement payments, gratuities, ex-gratia payment, severance payments and other similar payments to each member of key management personnel; (c) Review and recommend to the Board the service contracts of Chairman and CEO/Managing Director and key management personnel and ensure that such services contracts are fair and not excessively long or with onerous renewal/termination clauses; and (d) Review the remuneration packages of employees who are related to the Directors and/or substantial shareholders (if any) to ensure that their remuneration packages are in line with the staff remuneration guideline and commensurate with their respective job scopes and level of responsibilities. The RC's review and recommendations cover all aspects including fees, salaries, allowance, bonuses, options, share-based incentives, awards and benefits-in-kind. Each RC member will abstain from participating in the deliberations of and voting on any resolution in respect of his remuneration package or that of employees related to him.
6.4	*Engagement of Remuneration Consultants*	No remuneration consultants were engaged by the Company in FY2019 for the remuneration packages of its Directors and Key Management Personnel as the Company is of the view that the annual review by the RC, which includes the referencing of Directors and key management personnel's remuneration against comparable benchmarks and giving due regard to prevailing market conditions as well as the financial, commercial health and business needs of the Group, is currently sufficient to ensure the continued relevance of such remuneration packages to the Group's strategic business objectives and alignment with market practices. In structuring the compensation framework, the RC also considers the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	"Claw-back" Provisions	There are no contractual provision which allows the Company to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.
LEVEL AND MIX OF REMUNERATION		
DISCLOSURE ON REMUNERATION		
7.1 7.2 7.3 8.1	*Remuneration Policy*	The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff that total compensation has been linked to the achievement of organisational and individual performance objectives and benchmarked against relevant and comparative compensation in the market.
	Remuneration Structure for Executive Directors and key management personnel (a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and key management personnel is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance to promote long-term sustainability of the Group. The remuneration package takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives, for each individual role. Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses. The remuneration structure is linked by incorporating key performance indicators, selected conditions in the share plans and performance conditions set out in Table 7.1 in this section. The senior management proposes the compensation for the Executive Directors and key management personnel for the RC's review, which would thereafter be recommended for the Board's approval.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td><u>Performance Criteria</u>

(b) What were the performance conditions used to determine their entitlement under the short term and long-term incentive schemes?</td><td>The following performance conditions for determining incentive plans were chosen to motivate Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

<table>
<tr><th colspan="3">Table 7.1 - Performance Criteria</th></tr>
<tr><th></th><th>Short-term Incentives
(such as performance bonus)</th><th>Long-term Incentives
(such as share scheme)</th></tr>
<tr><td>Qualitative</td><td>1. Leadership
2. People development
3. Commitment
4. Teamwork
5. Current market and industry practices
6. Macro-economic factors</td><td>1. Current market and industry practices
2. Avantouch Share Option Scheme</td></tr>
<tr><td>Quantitative</td><td>1. Return to profitability</td><td>1. PBT/PAT to be positive</td></tr>
</table></td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>In view of the market downturn and a lacklustre demand for the Group's Supply Chain Management segment, the quantitative performance measures have not been met. Save for the aforementioned, the RC has reviewed and is satisfied that the Executive Directors and key management personnel have met the remaining conditions in FY2019.</td></tr>
<tr><td>7.2</td><td><u>Remuneration Structure of Non-Executive Directors</u></td><td>Non-Executive Directors receive directors' fees based on basic retainer fees as Directors and additional fees for serving as members on the Board Committees and their roles in the Board Committees. Directors' fees for the Directors are subject to the approval of the shareholders at the forthcoming AGM. The fees for the financial year in review are determined in the previous financial year, proposed by the Management, submitted to the RC for review and thereafter recommended to the Board for approval.

The RC has reviewed and assessed that the remuneration of the Non-Executive Directors for FY2019 is appropriate, considering the effort, time spent and responsibilities.</td></tr>
</table>

TABLE I - COMPLIANCE WITH THE CODE 2018

Principle	Code and/or Guide Description	Company's Compliance or Explanation
8.1(a) 8.1(b)	(a) Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The annual remuneration of each individual Director and CEO/Managing Director for FY2019 is not disclosed in exact dollar terms as the Board believes that such disclosure would be disadvantageous to the Group's business interest given the highly niche and competitive Supply Chain Management industry that the Company operates in, which is highly reliant on employees with specialized skills. Instead, the Company discloses the bands of remuneration as follows:-

Table 8.1(a) – Directors' and CEO/Managing Director Remuneration

	Directors' Fees	Percentage of Variable Remuneration excluding Directors' Fees (consists of bonus, benefits in kinds & profit sharing award)	Percentage of Fixed Remuneration excluding Directors' Fees (consists of directors' fees, salary, allowance and contributions to central provident fund scheme)
S$250,001 to S$500,000			
Low Ka Choon Kevin[1]	17,500	16.6	83.4
S$250,000 and below			
Low Song Take[1]	20,000	36.8	63.2
Woo Khai Chong	17,500	31.6	68.4
Woo Khai San	17,500	14.2	85.8
Loh Yih	20,000	NA[2]	100.0
Tiong Choon Hieng Steven	20,000	NA[2]	100.0
Neo Gim Kiong	20,000	NA[2]	100.0

Notes:

1. *Mr. Low Ka Choon Kevin is the son of Mr. Low Song Take*
2. *NA – Not applicable*

There was no termination, retirement, post-employment benefits that may be granted to the Directors, the CEO/Managing Director and top 3 key management personnel.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE I - COMPLIANCE WITH THE CODE 2018</th></tr>
<tr><th>Principle</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>Given the size and nature of the Company's business, the Company has only identified 3 top key management personnel.

The annual remuneration of the each key management personnel for FY2019 is not disclosed as the Board believes that such disclosure would be disadvantageous to the Group's business interest given the highly niche and competitive Supply Chain Management industry that the Company operates in, which is highly reliant on employees with specialized skills. Instead, the Company discloses the bands of remuneration.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO/Managing Director) for FY2019 is as follows:

<table>
<tr><th colspan="6">Table 8.1(b) – Remuneration of Key Management Personnel</th></tr>
<tr><th>Name</th><th>Salary (%)</th><th>Bonus (%)</th><th>Directors' fees (%)</th><th>Benefits-in-kind (%)</th><th>Total (%)</th></tr>
<tr><td colspan="5">S$250,001 to S$500,000</td><td></td></tr>
<tr><td>Srihari Raghavan</td><td>61.5</td><td>7.1</td><td>–</td><td>31.4</td><td>100.0</td></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Teh Eng Chai</td><td>90.0</td><td>8.0</td><td>1.8</td><td>0.2</td><td>100.0</td></tr>
<tr><td>Ng Ching Beng Alvin</td><td>90.2</td><td>8.0</td><td>1.8</td><td>–</td><td>100.0</td></tr>
</table>
</td></tr>
<tr><td></td><td>(c) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>The total remuneration paid to the top 3 key management personnel for FY2019 was S$647,821.</td></tr>
<tr><td>8.2</td><td><u>Related Employees</u>

Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$100,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>Save as disclosed, there was no employee of the Group who was a substantial shareholder, immediate family member of a substantial shareholder, Director or the CEO/Managing Director whose remuneration exceeded S$100,000 in FY2019.</td></tr>
</table>

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
8.3	*Employee Share Scheme(s)*	The subsidiary of the Company, Avantouch Systems Pte Ltd's share option scheme, Avantouch Share Option Scheme (the "**Scheme**"), which was approved and adopted by the members at an extraordinary meeting held on 30 December 2009 has lapsed as at 30 December 2019. Pursuant to Catalist Rules 851, (i) No options under the Scheme have been granted to the following: a. directors of International Press Softcom Limited; b. controlling shareholders of International Press Softcom Limited and their associates; and c. directors and employees of the parent company and its subsidiaries. (ii) None of the participants received 5% or more of the total number of options available under the Scheme. (iii) No options were granted at a discount to market price during the financial year.
ACCOUNTABILITY AND AUDIT		
RISK MANAGEMENT AND INTERNAL CONTROLS		
9 9.1	*Risk Governance by the Board*	Although the Board acknowledges that it is responsible for the overall risk governance, risk management and internal control framework of the Group, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A 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 Group's risk management and internal control systems is an ongoing process designed to meet the Group's particular needs and to manage the risks associated with strategic, operations, financial and regulatory compliance.
	Identification of the Group's risks	The Group has in place a structured and systematic approach to risk management and aims to mitigate the exposures through appropriate risk management strategies and internal controls, which parameters have been reviewed and approved by the Board on an annual basis. Risk management in the Group is a continuous, iterative and integrated process which has been incorporated into various planning, approval, execution, monitoring, review and reporting systems. The Group adopts a top-down as well as bottom-up approach on risk management to ensure strategic, business, operational, financial, reporting, compliance and information technology risk exposures are identified and appropriately managed.
	Management of risks	The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		For FY2019, the Board and AC have reviewed that the Group's key risks largely lies in the area of market competition, human resources, safety and environmental practices, geographic risks, compliance with laws and regulation. They have been mitigated by way of outsourcing the Group's internal audit function to qualified internal auditors annually. Information on the Group's internal audit function is elaborated under section 10.4 of this report.
9.2	<u>*Confirmation of Internal Controls*</u> (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The AC, on behalf of the Board, has reviewed the risk management and internal control systems put in place by the Management with the assistance of the external auditors and the AC is satisfied that the Company has risk management and internal control systems which are adequate and effective in meeting the needs of the Group in its current business environment. The Board, with the concurrence of the AC, is of the opinion that the Group's Internal controls in addressing financial, operational, compliance and information technology risks and risk management system were adequate and effective for FY2019. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO/Managing Director and GFC (refer to Section 9.2(b) of Table I); 2. An internal audit has been done by the IA, Shenzhen Yida Certified Public Accountants Co. Ltd and significant matters highlighted to the AC and key management personnel were appropriately addressed; 3. Key management personnel evaluates, monitors material risks and reports to the AC on a regular basis; and 4. Discussions were held between the AC and auditors in the absence of the key management personnel to review and address any potential concerns; The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurances from the CEO/Managing Director and GFC in respect of FY2019.

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
AUDIT COMMITTEE		
10.1 10.3	*Role of the AC*	All members of the AC are Non-Executive Directors who are independent, do not have any management and business relationships with the Company or any substantial shareholder of the Company. None of the AC members were previous partners or directors of the Company's external audit firm within a period of two years commencing on the date of their ceasing to be a partner of the external audit firm and none of the AC members hold any financial interest in the external audit firm. The AC is guided by its key terms of reference, which includes: (a) Reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Company and any announcements relating to the Group's financial performance; (b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls; (c) Reviewing the assurance from the CEO/Managing Director and the GFC on the financial records and financial statements; (d) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function; (e) Reviewing the scope and results of the external audit, and the independence and objectivity of the EA; (f) Reviewing the co-operation given by the Company's officers to the EA; (g) Making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the EA, and the remuneration and terms of engagement of the EA; (h) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; (i) Reviewing interested person transactions; and (j) Reviewing the Group's compliance with such functions and duties as may be required under the relevant statues or the Catalist Rules and such amendments made thereto from time to time. The AC has incorporated a whistle blowing policy into the Company's internal control procedures to provide a channel for staff and external parties to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and for appropriate follow-up actions.
	Whistle Blowing Policy	Details of the whistle-blowing policies and arrangements have been made available to employees and external parties, who are provided access to different levels of channels in the Company for them to raise their concerns in confidence to the CEO/Managing Director, Chairman or the Chairman of the AC.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
		The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action. There were no whistle-blowing reports received in FY2019.
10.2	*Qualification of the AC members*	The Board considers Mr. Neo Gim Kiong, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr. Tiong Choon Hieng Steven and Mr. Loh Yih of the AC also have recent and relevant experience in accounting and financial management. Information on the AC members and their experience can be found under the "Information on Directors and Key Management Personnel" section on page 43 of this Annual Report.
10.4	*Internal Audit Function*	The Company does not have an in-house internal audit function. Every year, the Company will outsource its internal audit function to a professional firm to audit the internal processes of a subsidiary, chosen often via a rotational basis or adhoc basis when there is a need to carry out a specialised audit due to any specific requirement. In FY2019, the Company's internal audit function is outsourced to Shenzhen Yida Certified Public Accountants Co. Ltd. to audit the Group's Shenzhen subsidiary and reports directly to the AC and the Board. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to. The AC is satisfied that internal auditor is able to discharge its duties effectively as the internal auditor: • is adequately qualified, given that it is a member of the Chinese Institute of Certified Public Accountants which exercises professional and service functions by virtue of the powers vested in "The Law of the People's Republic of China for Certified Public Accountants" stipulated by the Charter of the Chinese Institute of Certified Public Accountants assigned by the Ministry of Finance; • is adequately resourced as there is a suitably staffed team of professionals assigned to perform the internal audit of the Company; and • is independent and has the appropriate standing in the Company, given, inter alia, its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.
10.5	*Met Auditors in Management's Absence*	The AC has met with the IA and the EA once in the absence of key management personnel in FY2019.

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
SHAREHOLDER RIGHTS AND ENGAGEMENT		
SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS		
11.1	*Shareholders' Participation at General Meetings*	Shareholders are encouraged to attend the AGM to stay informed of the Company's goals and strategies and to ensure a high level of accountability by the Management. All shareholders will receive a copy of the annual report and notice of AGM. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures that govern the general meetings of shareholders. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Board and Chairman of each Board Committee will be present and available to address the queries/questions from shareholders.
	Appointment of Proxies	The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a Central Provident Fund agent bank may attend and vote at general meetings.
11.2	*Bundling of Resolutions*	Resolutions requiring shareholders' approval are tabled separately for adoption at the Company's general meetings unless they are closely related and are more appropriately tabled together. Reasons and implications of why resolutions are bundled will be set out in the circulars sent out.
11.3	*Directors' Attendance*	The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings, unless of exigencies. The EA is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.
11.4	*Absentia Voting*	The Company's Constitution allows for abstentia voting, (including but not limited to the voting by mail, electronic mail or facsimile).
11.5	*Publication of Minutes*	The Company prepares the minutes of the general meeting (the "**Minutes**") which include comments and questions raised by shareholders together with the responses from the Board and the Management. The Minutes are made publicly available via SGXNET.
11.6	*Dividend Policy* (a) Does the Company have a dividend policy?	The Company does not have a formal dividend policy in place. However, the Board will review and make appropriate recommendations on dividend declaration subject to the profitability of the Company as well as the following factors: • level of available cash; • return on equity and retained earnings; and • projected levels of capital expenditure including existing and future development and investment plans of the Group.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE I - COMPLIANCE WITH THE CODE 2018		
Principle	**Code and/or Guide Description**	**Company's Compliance or Explanation**
	(b) Is the Company paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended dividends for FY2019, as the Company was not profitable for FY2019.
ENGAGEMENT WITH SHAREHOLDERS		
12.1 12.2 12.3 13.3	*Communication with Shareholders* (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	The Company recognises the importance of regular, timely and effective communication with the shareholders. The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Catalist Rules and the Companies Act, it is the Board's policy that all shareholders should be equally informed, on a timely basis, of all major developments that will or expect to have an impact on the Company or the Group. The Company updates shareholders on its corporate developments through SGXNET announcements and its annual report. The Company meets with its investors and shareholders via the general meetings held in the financial year. In FY2019, the Board has met with shareholders once through the annual general meeting held on 29 April 2019.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Currently, the Company updates its shareholders on its corporate developments through SGXNET announcements and its annual report. The Board is of the view that such mediums are sufficient to keep shareholders updated. The Company will consider updating shareholders through its corporate website should the need arises in the future. For enquires and all other matters, Shareholders and all other parties can contact the Company at **biz@ipsoftcom.com** at **www.ipsoftcom.com**
MANAGING STAKEHOLDERS RELATIONSHIP		
ENGAGEMENT WITH STAKEHOLDERS		
13.1 13.2	*Stakeholders Management*	On an annual basis, the Company engages with its material stakeholders to promote the adoption of sustainable practices along its value chain. The Company assesses the material environmental, social and governance factors that affect the Group. The Company is working towards the issuance of its sustainability report for FY2019 by 31 May 2020, which will be made available to shareholders via SGXNET. Such report will highlight the key environmental, social and governance ("**ESG**") factors such as, *inter alia*, the proper management and disposal of raw materials and effluents as well as managing intellectual property and customer data.

<table>
<tr><th colspan="3">TABLE II - COMPLIANCE WITH CATALIST RULES</th></tr>
<tr><th>Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>720(5)</td><td>Information relating to Directors seeking re-election</td><td>Information relating to the Directors seeking re-election as per Appendix 7F of the Catalist Rules is set out in Table III of this report.</td></tr>
<tr><td>1204(6)(A)</td><td>Non-audit fees

(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3">Table 1204(6)(A) – Fees Paid/Payable to the EA for FY2019</th></tr>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>211,068</td><td>95</td></tr>
<tr><td>Non-Audit Fees</td><td>11,000</td><td>5</td></tr>
<tr><td>Total</td><td>222,068</td><td>100</td></tr>
</table>
</td></tr>
<tr><td>1204(6)(B)</td><td>Confirmation by AC

(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</td><td>The non-audit services rendered during FY2019 were not substantial.</td></tr>
<tr><td>1204(6)(C)</td><td>Appointment of Auditors</td><td>The Company confirms its compliance to Rules 712 and 716 of the Catalist Rules.</td></tr>
<tr><td>1204(8)</td><td>Material Contracts</td><td>There were no material contracts entered into by the Group involving the interest of the CEO/Managing Director, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.</td></tr>
<tr><td>1204(10)</td><td>Adequacy of Internal Controls</td><td>Please refer to the confirmation provided by the Board in Section 9.2 of Table I.</td></tr>
<tr><td>1204(10B)</td><td>Adequacy of Internal Audit Function</td><td>The AC is of the opinion that the internal audit function is independent, effective and adequately resourced.</td></tr>
<tr><td>1204(11)</td><td>Properties held for sale</td><td>As at 31 December 2019, the Group had the following properties classified as held for sale:

<table>
<tr><th>Type of property</th><th>Existing usage</th><th>Location</th><th>Percentage of interest held by the Group</th><th>Gross land area</th><th>Gross floor area</th></tr>
<tr><td>Purpose-build 6-storey industrial building</td><td>Group's head office and as a logistic management hub for its warehousing and supply chain services</td><td>26 Kallang Avenue, Singapore 339417</td><td>100%</td><td>4,998 sqm</td><td>12,500 sqm</td></tr>
<tr><td>Single-storey factory and warehouse with 1 attached double-storey office</td><td>Group's Malaysia subsidiary in the provision of supply chain services</td><td>Plot No. 46, Hilir Sungai Keluang 2, Phase IV, Bayan Lepas Industrial Estate, 11900 Penang, Malaysia</td><td>100%</td><td>4,157 sqm</td><td>2,708 sqm</td></tr>
</table>

Please refer to pages 94 and 115 to 116 of this Annual Report for further details of the above properties held for sale.</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT (CONT'D)

<table>
<tr><th colspan="3">TABLE II - COMPLIANCE WITH CATALIST RULES</th></tr>
<tr><th>Rule</th><th>Rule Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1204(17)</td><td>Interested Person Transactions ("IPT")</td><td>The Group has procedures governing all IPTs to ensure that they are properly documented and reported on a timely manner to the AC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.
The Company does not have a general mandate for IPTs.

There were no IPTs with value more than S$100,000 transacted during FY2019.</td></tr>
<tr><td>1204(19)</td><td>Dealing in Securities</td><td>The Company has adopted an internal code ("Internal Code") in relation to dealings in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules that is applicable to the Company, its Directors and officers.

The Internal Code prohibits the Company, its Directors and officers from dealing in the Company's shares on short term considerations. It also disallows the Company, its Directors and officers from dealing in the Company's shares while in possession of price-sensitive information and/or during the period commencing one month before the announcement of the Group's half-year and full-year financial results and ending on the date of the announcement of the relevant results.

The Company, its Directors and officers are also expected to observe insider trading laws at all times even when dealing with Company's securities within the permitted trading period.</td></tr>
<tr><td>1204(21)</td><td>Non-sponsor Fees</td><td>No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY 2019.</td></tr>
<tr><td>1204(22)</td><td>Use of Proceeds from Rights Issue</td><td>As at 15 April 2020, the Company has utilised the net proceeds amounting to S$2.37 million (after deducting the estimated costs and expense incurred in connection with the rights issue of approximately S$0.1 million and offsetting a shareholder's loan of S$0.7 million) ("Final Net Proceeds") accrued to the Company from the rights issue completed in July 2018, as follows:

<table>
<tr><th>Intended Use of Final Net Proceeds</th><th>Amount Allocated (S$)</th><th>Amount Utilised (S$)</th><th>Amount Unutilised (S$)</th></tr>
<tr><td>Repayment of outstanding debts</td><td>1,000,000</td><td>1,000,000</td><td>–</td></tr>
<tr><td>Payment of directors' fees</td><td>555,000</td><td>–</td><td>555,000</td></tr>
<tr><td>For general corporate and working capital purposes including but not limited to (i) operating costs and (ii) making strategic investments and/or acquisitions if opportunities arise</td><td>812,500</td><td>812,500[1]</td><td>–</td></tr>
<tr><td>Total</td><td>2,367,500</td><td>1,812,500</td><td>555,000</td></tr>
</table>

The utilisation of the Final Net Proceeds is in accordance with the intended use of the Final Net Proceeds as stated in the Offer Information Statement dated 29 June 2018.

(1) Mainly utilised for payments to suppliers and payment of supplies.</td></tr>
</table>

Please refer to the table below for additional information on Directors to be re-elected at the forthcoming AGM:

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION			
	Name of Director to be re-elected		
	Low Song Take	**Woo Khai San**	**Loh Yih**
Date of appointment announcement ("**Previous Announcement**")	26/04/2018	27/04/2017	26/04/2018
Any changes to the Previous Announcement?	No	No	No
Designation	Founder and Executive Director	Executive Director	Independent Director
Date of appointment	30/08/1972	23/06/1999	08/06/2012
Date of last re-appointment	26/04/2018	27/04/2017	26/04/2018
Age	84	66	55
Country of principal residence	Singapore	Singapore	Singapore
Academic qualifications	N.A	N.A	Bachelor degree in Accountancy (Honours) from National University of Singapore
Professional memberships/ qualifications	N.A.	N.A.	N.A
Current directorships			
Public companies	None		(i) Ban Leong Technologies Limited (ii) Acesian Partners Limited (iii) MGF Capital Limited (iv) Shandong Heavy Industry Group
Private companies	(i) IP Softcom (Shanghai) Co., Ltd (ii) IPSCOM Supply Chain (Shanghai) Co., Ltd (iii) IP Media (Xiamen) Co., Ltd (iv) IP Softcom (Shenzhen) Co., Ltd (v) International Press Softcom (Vietnam) Co., Ltd (vi) IP Softcom (Malaysia) Sdn Bhd (vii) IP Softcom (India) Pvt Ltd (viii) Greenfield Ventures (M) Sdn Bhd (ix) InPac Ventures Pte Ltd (x) IP Ventures Pte Ltd (xi) International Press Holdings Pte Ltd (xii) Ze Hua Holdings Pte Ltd (xiii) Enterprise Promotion Centres Pte Ltd	(i) IP Softcom (Shanghai) Co., Ltd (ii) IPSCOM Supply Chain (Shanghai) Co., Ltd (iii) IP Media (Xiamen) Co., Ltd (iv) IP Softcom (Shenzhen) Co., Ltd (v) InPac Ventures Pte Ltd (vi) IP Ventures Pte Ltd (vii) International Press Holdings Pte Ltd (viii) Chee Chun Holdings Pte Ltd	(i) MGF Management Pte Ltd (ii) Cavangh Group Pte Ltd

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION			
	Name of Director to be re-elected		
	Low Song Take	Woo Khai San	Loh Yih
Past directorships (in the last 5 years)			
Public companies	None	None	(i) Trek2000 International Ltd
Private companies	(i) IP Softcom (Xiamen) Co., Ltd (ii) IP Softcom (Australia) Pty Ltd	(i) IP Softcom (Xiamen) Co., Ltd	None
Principal commitments	(i) IP Softcom (Malaysia) Sdn Bhd (ii) IP Softcom (Shanghai) Co., Ltd (iii) IPSCOM Supply Chain (Shanghai) Co., Ltd (iv) IP Media (Xiamen) Co., Ltd (v) IP Softcom (Shenzhen) Co., Ltd (vi) IP Softcom (India) Pvt Ltd (vii) International Press Softcom (Vietnam) Co., Ltd (viii) Greenfield Ventures (M) Sdn Bhd (ix) InPac Ventures Pte Ltd (x) IP Ventures Pte Ltd (xi) International Press Holdings Pte Ltd (xii) Ze Hua Holdings Pte Ltd (xiii) Enterprise Promotion Centres Pte Ltd	(i) IP Softcom (Shanghai) Co., Ltd (ii) IPSCOM Supply Chain (Shanghai) Co., Ltd (iii) IP Media (Xiamen) Co., Ltd (iv) IP Softcom (Shenzhen) Co., Ltd (v) InPac Ventures Pte Ltd (vi) IP Ventures Pte Ltd (vii) International Press Holdings Pte Ltd (viii) Chee Chun Holdings Pte Ltd	(i) Ban Leong Technologies Limited (ii) MGF Management Pte Ltd (iii) Cavangh Group Pte Ltd (iv) Acesian Partners Limited (v) MGF Capital Limited (vi) Shandong Heavy Industry Group
Shareholding interest in the Company and its subsidiaries	Mr Low Song Take holds 49,236,000 ordinary shares (6.73%) in the share capital of the Company	Mr Woo Khai San holds 24,618,000 ordinary shares (3.36%) in the share capital of the Company	None

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION			
	Name of Director to be re-elected		
	Low Song Take	**Woo Khai San**	**Loh Yih**
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Low's performance as a Founder and Executive Director of the Company	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Woo's performance as an Executive Director of the Company	The Board of Directors of the Company has accepted the NC's recommendation, who has reviewed and considered Mr Loh's performance as an Independent Director of the Company
Whether the appointment has changed from non-executive to executive. If so, please state the area of responsibility	N.A.	N.A.	N.A.
Working experience and occupation(s) during the past 10 years	(i) International Press Softcom Limited (1999 – Current) as Executive Director	(i) International Press Softcom Limited (1999 – Current) as Executive Director	(i) Managing Director of MGF Management Pte Ltd (ii) Managing Director and Executive Director of Acesian Partners Limited
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/ or substantial shareholder of the Company or any of its principal subsidiaries	Mr. Low Song Take is the father of Mr. Low Ka Choon Kevin.	Mr. Woo Khai San is the brother of Mr. Woo Khai Chong	None
Conflict of Interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes
The general statutory disclosures of the Directors are as follows:			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION			
	Name of Director to be re-elected		
	Low Song Take	Woo Khai San	Loh Yih
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION			
	Name of Director to be re-elected		
	Low Song Take	Woo Khai San	Loh Yih
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: -	No	No	No

CORPORATE GOVERNANCE STATEMENT (CONT'D)

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION

	Name of Director to be re-elected		
	Low Song Take	**Woo Khai San**	**Loh Yih**
(k) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(l) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(m) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(n) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(o) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

TABLE III – INFORMATION RELATING TO DIRECTORS SEEKING RE-ELECTION			
	Name of Director to be re-elected		
	Low Song Take	Woo Khai San	Loh Yih
Prior Experience as a Director of a Listed Company on the Exchange			
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This relates to the re-election of a director.	Not applicable. This relates to the re-election of a director.	Not applicable. This relates to the re-election of a director.
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	N.A	N.A	N.A
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A	N.A	N.A

N.A – Not Applicable

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tiong Choon Hieng Steven (Independent Non-Executive Chairman)
Low Song Take (Founder & Executive Director)
Woo Khai Chong (Vice Chairman & Executive Director)
Low Ka Choon Kevin (Managing Director / CEO)
Woo Khai San (Executive Director)
Neo Gim Kiong (Lead Independent Director)
Loh Yih (Independent Director)

COMPANY SECRETARIES

Teh Eng Chai, FCCA, FCMA
Pan Mi Keay, ACIS

REGISTERED OFFICE

Co. Reg. No: 197201169E
80 Robinson Road #02-00
Singapore 068898
Tel: 6236 3333 Fax: 6236 4399

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 6227 6660 Fax: 6225 1452

AUDIT COMMITTEE

Neo Gim Kiong (Chairman)
Loh Yih
Tiong Choon Hieng Steven

REMUNERATION COMMITTEE

Loh Yih (Chairman)
Neo Gim Kiong
Tiong Choon Hieng Steven

NOMINATING COMMITTEE

Tiong Choon Hieng Steven (Chairman)
Neo Gim Kiong
Loh Yih
Low Song Take
Woo Khai San

AUDITORS

Ernst & Young LLP
One Raffles Quay
#18-01 North Tower
Singapore 048583

PARTNER-IN-CHARGE OF AUDIT

Philip Ng Weng Kwai
(appointed since financial year ended 31 December 2018)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place UOB Plaza
Singapore 048624

CONTINUING SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay #10-00
Income at Raffles
Singapore 049318

INFORMATION ON DIRECTORS AND KEY MANAGEMENT PERSONNEL

1. The businesses and working experience of the Directors are as follows:

Tiong Choon Hieng Steven was first appointed as an Independent Director on 18 December 2002 and subsequently appointed as Independent Non-Executive Chairman on 5 January 2018. He was formerly a Non-Executive Director of Adroit Innovations Ltd, a listed company in the Stock Exchange of Singapore. Prior to this, he went into business as an investor and held several directorships. Mr. Tiong also has years of experience working in several banks specialising in spot currencies trading. He holds a Bachelor of Science degree (First Class Honours) in Naval Architecture & Ocean Engineering from the University of Glasgow, UK. As Chairman of the Group, he exercises control over quality, quantity and timeliness of the flow of information between management and the Board.

Woo Khai Chong is the Vice Chairman and Executive Director of the Group. Mr. Woo assists the Chairman in the overall flow of information between management and the Board. He also assists the Managing Director / CEO in overseeing the management and operations of the Group. Mr. Woo has been with the Group since 1972 and has extensive practical experience in the printing industry, particularly in the areas of marketing, production, costing and print management.

Low Song Take is the Founder and Executive Director of the Group. Mr. Low relinquished the Chairman's role on 5 January 2018 to Mr. Tiong Choon Hieng Steven. Mr. Low established the business in 1968 as a partnership and has been in the printing industry for over 50 years. In his capacity as the Founder and Executive Director, he mentors the existing management team and imparts his vast industry's knowledge and capabilities to them. As such, Mr Low continues to participate actively in the overall strategic planning and the driving of the business direction of the Group.

Woo Khai San is an Executive Director of the Group and is responsible for the printing business of the Group. Mr. Woo has been in the printing industry and with the Group since 1974 and has extensive experience in the areas of marketing and print production.

Low Ka Choon Kevin is the Managing Director / CEO and is responsible for the general management of the Group. Prior to his appointment as Managing Director / CEO in 1999, he held the position of the Business Development Director from 1995 when he joined International Press Softcom Limited ("IPS"). Prior to joining IPS, Mr. Low worked as a lawyer in a law firm in Singapore. Mr. Low was appointed as an Independent Director of Sen Yue Holdings Limited, a company listed on SGX-ST on 09 April 2015. He holds a Bachelor of Laws (Hons.) degree from the National University of Singapore.

Neo Gim Kiong was appointed as an Independent Director on 30 May 2014 and the Lead Independent Director on 17 October 2014. Mr. Neo is the Executive Director and Chief Executive Officer of Sen Yue Holdings Limited, a listed company on Catalist SGX-ST. He is also the founding Director of Dollar Tree Inc Pte Ltd, a business advisory company incorporated in Singapore in 2004. Mr. Neo sits on the board as an Independent Director of Acesian Partners Limited and Ban Leong Technologies Limited, which are both listed on SGX. Mr. Neo is a board member of the P.R. China Ningxia Autonomous Region Overseas Exchange Association. He holds a Bachelor of Science Degree in Mathematics (Honours) from the National University of Singapore.

Loh Yih was appointed as an Independent Director on 8 June 2012. Mr. Loh has been the managing partner of MGF Management Pte Ltd since 4 December 2006. He has more than 27 years of working experience in the Asia Capital Markets. Currently, Mr. Loh is also a Lead Independent Director of Ban Leong Technologies Limited, a listed company on SGX-ST and the Managing Director of Acesian Partners Limited, a listed company on SGX-ST. He was recently appointed as a foreign director of Shandong Heavy Industry Group, by the State Owned Assets Supervision and Administration Commission of Shandong Provincial Government, China (SASAC), a parent company of Weichai Power Co. Ltd, Shantui Construction Machinery Co Ltd and Weichai Heavy Machinery Co Ltd listed in Shenzhen, Yangzhou Yaxing Motor Coach Co Ltd listed in Shanghai, Kion Group AG listed in Frankfurt, Power Solutions International Inc. listed in New York and Ferretti Group. He holds a bachelor's degree in Accountancy (Honours) from the National University of Singapore.

CORPORATE INFORMATION (CONT'D)

2. The working experience of the Key Management Personnel is as follows:

Teh Eng Chai is the Group Financial Controller. Mr. Teh joined the Group in January 1998 and he is responsible for managing the Accounts Department and handling all finance-related matters. Mr. Teh has approximately 29 years of experience in auditing, accounting and management in various organisations. Prior to joining the Group, Mr Teh was the Group Finance Manager of a manufacturing company with regional operations. Mr Teh holds a Bachelor of Science (Hons) degree in Finance and Accounting from the University of Salford, England. He is a Fellow of the Chartered Management Accountants and a Fellow of the Chartered Certified Accountants.

Srihari Raghavan is the General Manager for the Company's subsidiary in India, IP Softcom India Pvt Ltd (IPSI) and is appointed the General Manager for the Singapore operations in 2010. Mr. Raghavan joined the Group in 2006, as a Deputy General Manager for the India subsidiary and has since been promoted to the current position in 2009. He is responsible for the general management of Singapore and the subsidiary in India. Prior to joining the Group, Mr. Raghavan was a Sr. Vice President in one of India's largest printers and was responsible for Business Development for IT & Exports and Supply Chain Operations. Mr. Raghavan has approximately 29 years of experience in Supply Chain, Print and Packaging industry. He holds a Master of Commerce from the University of Mumbai and a MBA in Finance from the Institute of Chartered Financial Analysts of India (ICFAI).

Ng Ching Beng Alvin is the General Manager who is in-charge of the Malaysia and Vietnam markets. Mr. Ng joined the Company in November 2005 as Deputy General Manager overseeing the business and operations for Malaysia, Australia and Vietnam. He has since been promoted to the current position in 2009. He has approximately 25 years of experience in the manufacturing and supply chain management industry. Mr. Ng holds a Bachelor of Arts degree in Business Administration from Ottawa University, US and Diploma in Production Technology from German Singapore Institute (now Nanyang Polytechnic).

FINANCIAL REVIEW

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of International Press Softcom Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

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

2. DIRECTORS

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

Low Song Take	(Founder and Executive Director)
Woo Khai Chong	(Vice Chairman)
Woo Khai San	(Executive Director)
Low Ka Choon Kevin	(Managing Director/CEO)
Neo Gim Kiong	(Lead Independent Director)
Loh Yih	(Independent Director)
Tiong Choon Hieng Steven	(Independent Non-Executive Chairman)

In accordance with Articles 117 of the constitution of the Company, Mr. Low Song Take, Mr. Woo Khai San and Mr. Loh Yih retire and, being eligible, offer themselves for re-election.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

4. DIRECTORS' INTERESTS IN SHARES AND 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 and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
	1 January 2019	31 December 2019	21 January 2020	1 January 2019	31 December 2019	21 January 2020
Chee Chun Holdings Pte. Ltd.						
Ordinary shares						
Woo Khai Chong	140,002	140,002	140,002	–	–	–
Woo Khai San	140,001	140,001	140,001	–	–	–

4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest			Deemed interest		
	1 January 2019	31 December 2019	21 January 2020	1 January 2019	31 December 2019	21 January 2020
Avantouch Systems Pte Ltd						
Ordinary shares						
Tiong Choon Hieng Steven	–	–	–	836,369	836,369	836,369
Loh Yih	–	–	–	175,019	175,019	175,019
Ze Hua Holdings Pte. Ltd.						
Ordinary shares ("A" shares)						
Low Song Take	28,001	28,001	28,001	28,001	28,001	28,001
Ordinary shares ("B" shares)						
Low Ka Choon Kevin	56,000	56,000	56,000	–	–	–
International Press Softcom Limited						
Ordinary shares						
Low Song Take	49,236,000	49,236,000	49,236,000	524,082,564	524,082,564	524,082,564
Woo Khai Chong	24,618,000	24,618,000	24,618,000	524,082,564	524,082,564	524,082,564
Woo Khai San	24,618,000	24,618,000	24,618,000	524,082,564	524,082,564	524,082,564
Low Ka Choon Kevin	12,474,000	12,474,000	12,474,000	524,082,564	524,082,564	524,082,564

The Company's holding company is International Press Holdings Pte Ltd, incorporated in Singapore. The holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Messrs. Woo Khai Chong and Woo Khai San are deemed to have an interest in the shares held by Chee Chun Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries. Messrs. Low Song Take and Low Ka Choon Kevin are deemed to have an interest in the shares held by Ze Hua Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries.

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

DIRECTORS' STATEMENT (CONT'D)

5. SHARE OPTIONS

Avantouch Systems Pte Ltd ("Avantouch") – Avantouch Share Option Scheme

The Avantouch Systems Pte. Ltd. Share Option Scheme (the "Scheme") was approved and adopted by the members of Avantouch at an Extraordinary General Meeting held on 30 December 2009.

The Scheme was administered by a committee comprising the following members:

Lee Kia Hwee
Low Ka Choon Kevin

Under the Scheme, an option entitled the option holder to subscribe for a specific number of new ordinary shares at an exercise price specified in the Letter of Offer of Option. The consideration for the grant of the option was $1.00.

As at the end of the financial year, the options for the shares of Avantouch Systems Pte Ltd have lapsed.

		Number of shares under options						
Date granted	Exercise period	Aggregate options granted and accepted since commencement of scheme	Aggregate options lapsed since commencement of scheme to end of financial year	Aggregate options forfeited since commencement of scheme to end of financial year	Aggregate options exercised since commencement of scheme to end of financial year	Aggregate options lapsed as at end of financial year	Aggregate options outstanding as at end of financial year	Exercise price
30 December 2009	30 December 2009 to 29 December 2019	826,000	–	–	–	(826,000)	–	$1 per share payable in full on application
31 March 2010	31 March 2010 to 29 December 2019	18,000	–	–	–	(18,000)	–	$1 per share payable in full on application

Except as disclosed above, there were no unissued shares of Avantouch or its subsidiaries under options granted by Avantouch or its subsidiaries as at the end of the financial year.

6. AUDIT COMMITTEE

The Audit Committee (the "AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50. The functions performed are disclosed in the Corporate Governance Report.

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Low Song Take
Director

Low Ka Choon Kevin
Director

Singapore
27 March 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019
To the Members of International Press Softcom Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of International Press Softcom Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and 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 2019 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Impairment assessment of goodwill allocated to Scantrans (India) Pvt. Ltd ("Scantrans")

As at 31 December 2019, the carrying value of goodwill held by the Group was $914,029 (2018: $2,208,133), which was fully allocated to Scantrans, a cash-generating unit ("CGU") by itself. Scantrans continued to incur losses for the year ended 31 December 2019. Management performed an impairment assessment to assess the recoverable amount of Scantrans. The recoverable amount of Scantrans was determined based on value in use calculations using cash flow projections approved by management. We considered the audit of management's impairment assessment of goodwill allocated to Scantrans to be a key audit matter because the assessment process involves management exercising significant judgement and making assumptions of future results of the subsidiary.

We assessed the valuation method used by management and evaluated the key assumptions used in the impairment test, in particular the discount rate, terminal growth rate and budgeted revenue. We evaluated management's forecasting process by comparing actual financial performance against previously forecasted results. We involved our internal valuation specialist to assist us in reviewing the reasonableness of the discount rate and terminal growth used. We evaluated the budgeted revenue by comparing them to historical data as well as considering the viability of future plans, industry outlook and customer portfolio. We also assessed the adequacy of disclosures made on the impairment assessment of goodwill in Note 5 of the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), 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 (CONT'D)

For the financial year ended 31 December 2019
To the Members of International Press Softcom Limited

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate 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, 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 Philip Ng Weng Kwai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
27 March 2020

BALANCE SHEETS

As at 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		$	$	$	$
Non-current assets					
Property, plant and equipment	4	3,622,676	33,707,829	95,582	30,518,273
Intangible assets	5	914,029	2,208,133	–	–
Investments in subsidiaries	6	–	–	7,919,587	10,591,909
Other receivables and deposits	10	930,971	919,445	–	–
Deferred tax assets	18	703,384	661,590	–	–
		6,171,060	37,496,997	8,015,169	41,110,182
Current assets					
Inventories	8	1,812,790	2,423,808	151,250	106,304
Trade receivables	9	7,043,027	8,317,565	238,109	1,087,961
Contract assets	21	90,578	115,027	–	–
Other receivables and deposits	10	1,126,190	2,014,394	324,236	424,303
Prepayments		367,575	184,551	54,543	63,601
Amounts due from subsidiaries (non-trade)	11	–	–	1,011,508	3,030,105
Tax recoverable		228,154	210,844	–	–
Cash and cash equivalents	12	2,997,915	3,020,755	719,175	520,531
		13,666,229	16,286,944	2,498,821	5,232,805
Non-current assets classified as held for sale	7	32,829,274	2,266,204	30,565,828	–
		46,495,503	18,553,148	33,064,649	5,232,805
Current liabilities					
Trade and other payables	13	4,985,171	6,335,605	401,646	470,665
Lease liabilities	29	580,166	–	–	–
Contract liabilities	21	–	6,195	–	–
Accruals	14	2,035,727	2,145,243	890,592	729,747
Amounts due to subsidiaries (non-trade)	11	–	–	114,693	109,692
Loan due to holding company	11	306,000	–	306,000	–
Amount due to directors of Company	15	687,500	555,000	687,500	555,000
Interest-bearing bank loans	16	4,928,452	3,329,555	2,000,000	–
Non-interest-bearing loan	17	325,895	336,240	–	–
Provision for taxation		176,575	201,733	–	–
		14,025,486	12,909,571	4,400,431	1,865,104
Liabilities directly associated with assets held for sale	7	5,012,959	–	5,012,959	–
		19,038,445	12,909,571	9,413,390	1,865,104
Net current assets		27,457,058	5,643,577	23,651,259	3,367,701

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Non-current liabilities					
Deferred tax liabilities	18	147,251	177,785	–	–
Lease liabilities	29	446,178	–	–	–
Net assets		33,034,689	42,962,789	31,666,428	44,477,883
Equity attributable to owners of the Company					
Share capital	19	52,618,927	52,618,927	52,618,927	52,618,927
Reserves	20	(16,705,769)	(6,809,413)	(20,952,499)	(8,141,044)
		35,913,158	45,809,514	31,666,428	44,477,883
Non-controlling interests		(2,878,469)	(2,846,725)	–	–
Total equity		33,034,689	42,962,789	31,666,428	44,477,883

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2019

	Note	2019 $	2018 $
Revenue	21	29,273,365	32,680,767
Other operating income	22	958,970	1,002,377
Changes in stocks of finished goods and work in progress		(52,980)	(216,505)
Raw materials and consumables used		(16,156,223)	(16,878,794)
Personnel expenses	23	(8,100,721)	(9,633,538)
Depreciation	4	(2,824,919)	(2,170,016)
Rental, property tax and utilities		(1,018,299)	(2,226,689)
Freight, travelling and transportation expenses		(1,967,993)	(2,398,250)
Repair and maintenance expenses		(418,022)	(491,927)
Subcontractor costs		(1,021,117)	(967,426)
Impairment loss on intangible assets	5	(1,226,162)	–
Impairment loss on assets held for sale		(3,740,000)	–
Other operating expenses		(2,864,957)	(2,907,579)
Gain on liquidation of subsidiary		–	12,150
Financial expense – net	24	(630,080)	(258,210)
Loss before tax	25	(9,789,138)	(4,453,640)
Income tax expense	26	(83,416)	(234,334)
Loss, net of tax		(9,872,554)	(4,687,974)
Loss attributable to:			
Owners of the Company		(9,740,211)	(4,473,884)
Non-controlling interests		(132,343)	(214,090)
		(9,872,554)	(4,687,974)
Loss per share attributable to owners of the Company (cents per share)			
Basic	27	(1.33)	(0.78)
Diluted	27	(1.33)	(0.78)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	2019 $	2018 $
Loss, net of tax	(9,872,554)	(4,687,974)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(55,546)	36,359
Other comprehensive income for the year, net of tax	(55,546)	36,359
Total comprehensive income for the year, net of tax	(9,928,100)	(4,651,615)
Total comprehensive income attributable to:		
Owners of the Company	(9,896,356)	(4,586,458)
Non-controlling interests	(31,744)	(65,157)
	(9,928,100)	(4,651,615)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

Group 2019	Share capital $	Revaluation reserve $	Translation reserve $
At 1 January 2019	**52,618,927**	**–**	**(169,813)**
Loss for the year	–	–	–
Other comprehensive income			
Foreign currency translation	–	–	(156,145)
Other comprehensive income for the year, net of tax	–	–	(156,145)
Total comprehensive income for the year	**–**	**–**	**(156,145)**
At 31 December 2019	**52,618,927**	**–**	**(325,958)**

	Restricted reserve $	Other reserves $	Accumulated losses $	Equity attributable to owners of the Company, total $	Non-controlling interests $	Equity, total $
	512,588	**2,559,953**	**(9,712,141)**	**45,809,514**	**(2,846,725)**	**42,962,789**
	–	–	(9,740,211)	(9,740,211)	(132,343)	(9,872,554)
	–	–	–	(156,145)	100,599	(55,546)
	–	–	–	(156,145)	100,599	(55,546)
	–	**–**	**(9,740,211)**	**(9,896,356)**	**(31,744)**	**(9,928,100)**
	512,588	**2,559,953**	**(19,452,352)**	**35,913,158**	**(2,878,469)**	**33,034,689**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2019

Group 2018	Share capital $	Revaluation reserve $	Translation reserve $
At 1 January 2018 (FRS framework)	49,549,249	23,299,113	(3,936,930)
Cumulative effects of adopting SFRS(I)	–	(23,299,113)	3,879,691
At 1 January 2018 (SFRS(I) framework)	49,549,249	–	(57,239)
Loss for the year	–	–	–
Other comprehensive income			
Foreign currency translation	–	–	(112,574)
Other comprehensive income for the year, net of tax	–	–	(112,574)
Total comprehensive income for the year	**–**	**–**	**(112,574)**
Contributions by and distribution to owners			
Issuance of new ordinary shares	3,220,961	–	–
Share issuance expense	(151,283)	–	–
Others	–	–	–
Total contributions by and distribution to owners	**3,069,678**	**–**	**–**
Total transactions with owners in their capacity as owners	3,069,678	–	–
At 31 December 2018	**52,618,927**	**–**	**(169,813)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Restricted reserve $	Other reserves $	Accumulated losses $	Equity attributable to owners of the Company, total $	Non-controlling interests $	Equity, total $
512,588	2,567,736	(24,598,529)	47,393,227	(2,778,973)	44,614,254
–	–	19,360,272	(59,150)	–	(59,150)
512,588	2,567,736	(5,238,257)	47,334,077	(2,778,973)	44,555,104
–	–	(4,473,884)	(4,473,884)	(214,090)	(4,687,974)
–	–	–	(112,574)	148,933	36,359
–	–	–	(112,574)	148,933	36,359
–	**–**	**(4,473,884)**	**(4,586,458)**	**(65,157)**	**(4,651,615)**
–	–	–	3,220,961	–	3,220,961
–	–	–	(151,283)	–	(151,283)
–	(7,783)	–	(7,783)	(2,595)	(10,378)
–	**(7,783)**	**–**	**3,061,895**	**(2,595)**	**3,059,300**
–	(7,783)	–	3,061,895	(2,595)	3,059,300
512,588	**2,559,953**	**(9,712,141)**	**45,809,514**	**(2,846,725)**	**42,962,789**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Loss before tax		(9,789,138)	(4,453,640)
Adjustments for:			
Depreciation	4	2,824,919	2,170,016
Impairment loss on intangible assets		1,226,162	–
Impairment loss on assets held for sale		3,740,000	–
Gain on disposal of property, plant and equipment	22	(4,163)	(101,522)
Gain from assets held for sale		–	(151,531)
Property, plant and equipment written off	4	30,017	35,388
Interest income	24	(29,009)	(37,666)
Interest expense on borrowings	24	323,708	295,876
Finance cost on lease liabilities	24	335,381	–
Gain on voluntary liquidation of subsidiary		–	(12,150)
Bad debts written off		53,434	19,017
Impairment loss on trade receivables	9	93,108	97,296
Reversal of impairment loss on trade receivables	9	(73,626)	(691)
Other receivables written off		11,297	41,234
Allowance for inventory obsolescence	25	49,560	258,802
Allowance for inventory obsolescence written back	25	(243,921)	(129,576)
Inventories written off	25	93,086	52,196
Write back of inventories previously written off	25	(12,549)	(212)
Unrealised exchange loss		74,642	78,509
Operating cash flows before working capital changes		(1,297,092)	(1,838,654)
Changes in working capital:			
Decrease/(increase) in inventories		731,239	(82,134)
Decrease/(increase) in trade receivables and contract assets		1,230,667	(950,998)
Decrease/(increase) in other receivables, deposits and prepayments		596,456	(545,432)
(Decrease)/increase in trade and other payables and contract liabilities		(1,347,816)	264,619
(Decrease)/increase in accruals		(109,516)	28,841
Increase in amount due to directors of Company		132,500	145,000
Cash flows used in operations		(63,562)	(2,978,758)
Interest received		25,500	45,066
Interest paid		(644,365)	(291,537)
Tax paid		(216,915)	(319,934)
Net cash flows used in operating activities		(899,342)	(3,545,163)

	Note	2019 $	2018 $
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(575,967)	(1,142,571)
Proceeds from disposal of property, plant and equipment		38,688	331,347
Proceeds from assets held for sale		–	775,621
Net cash flows used in investing activities		(537,279)	(35,603)
Cash flows from financing activities			
Proceeds from interest-bearing bank loans		2,000,000	213,799
Repayment of interest-bearing bank loans		(298,655)	–
Proceeds from loan from holding company		300,000	–
Repayment of loan to holding company		–	(733,500)
Proceeds from issuance of new shares, net		–	3,069,678
Payment of principal portion of lease liabilities		(590,682)	–
Net cash flows generated from financing activities		1,410,663	2,549,977
Net decrease in cash and cash equivalents		(25,958)	(1,030,789)
Effect of exchange rate changes on cash and cash equivalents		3,118	24,013
Cash and cash equivalents at beginning of year		3,020,755	4,027,531
Cash and cash equivalents at end of year	12	2,997,915	3,020,755

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. CORPORATE INFORMATION

International Press Softcom Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The immediate holding company is International Press Holdings Pte Ltd, incorporated in Singapore. The immediate holding company is equally owned by Chee Chun Holdings Pte. Ltd. and Ze Hua Holdings Pte. Ltd., both incorporated in Singapore.

The registered office of International Press Softcom Limited is located at 80 Robinson Road #02-00, Singapore 068898. The address of its principal place of business is International Press Building, 26 Kallang Avenue, Singapore 339417.

The principal activities of the Company are the provision of supply chain solutions, print and media products which include material procurement, inventory management, logistics management and order fulfilment, printing; packaging and software replication.

The principal activities of the subsidiaries are as shown in Note 6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $), except when otherwise indicated.

Fundamental accounting concept

The financial statements have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of $9,872,554 (2018: $4,687,974) and negative operating cashflows of $899,342 (2018: $3,545,163) for the 12 months ended 31 December 2019.

The directors believe that the Group will be able to meet its liabilities as and when they fall due based on the Group's existing financial resources, including the Group's unutilised banking facilities.

In addition, the immediate holding company has also agreed to provide continuing financial support for the next twelve months from the date of the financial statements to enable the Group to meet its liabilities as and when they fall due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases - Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption and measured the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised on the balance sheets as at 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group	Company
	Increase/(decrease)	
	$	$
Assets		
Property, plant and equipment	6,203,848	5,080,618
Liabilities		
Lease liabilities	6,203,848	5,080,618

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and amended standards and interpretations (cont'd)

SFRS(I) 16 *Leases* (cont'd)

The Group has lease contracts for its office premises, factories and warehouses. Before the adoption of SFRS (I) 16, the Group classified each of its leases at the inception date as an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.18.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on or after to 1 January 2019 is disclosed in Note 2.18. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of $6,203,848 and $5,080,618 were recognised and presented within property, plant and equipment in the Group's and Company's balance sheet respectively.
- Lease liabilities of $6,203,848 and $5,080,618 were recognised for the Group and the Company respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and amended standards and interpretations (cont'd)

SFRS (I) 16 *Leases* (cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	Group $	Company $
Operating lease commitments as at 31 December 2018	11,415,352	10,030,994
Less: Commitments relating to short-term leases	(142,561)	–
	11,272,791	10,030,994
Weighted average incremental borrowing rate as at 1 January 2019	5.5%	5.0%
Discounted operating lease commitments, representing lease liabilities as at 1 January 2019	6,203,848	5,080,618

2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform	1 January 2020

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquires are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount (value in use) of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rate over the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold and freehold factory buildings	3 – 50 years
Leasehold land	Over the remaining lease period of 31 years
Plant and machinery	5 – 10 years
Factory equipment	3 – 10 years
Computers	3 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 – 10 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate balance sheet, investments in subsidiaries are accounted for at cost less any impairment losses.

2.10 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

Investments in debt instruments at amortised costs

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

There are no financial liabilities designated as financial liabilities at fair value through profit or loss.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a weighted average cost basis.

– Finished goods: costs include material, all direct expenditures and an attributable portion of overheads determined on a weighted average cost basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income is presented as a credit in profit or loss, under "Other operating income".

2.15 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefits is recognised at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employment benefits, short-term employment benefits, or other long-term employee benefits.

2.18 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (cont'd)

(a) As lessee (cont'd)

(i) Right-of-use assets (cont'd)

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost of the leased assets reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.8.

Under SFRS (I) 16, the cost of a right-of-use asset also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The Group's lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Leases (cont'd)

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Group's leasehold factory building is accounted for on a straight-line basis over the lease terms and is included in other operating income in the income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.20(e). Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies are applied prior to the initial application date of SFRS(I) 16, 1 January 2019:

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(e). Contingent rents are recognised as revenue in the period in which they are earned.

2.19 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal. Costs of disposal are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Revenue

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

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

The Group sells goods and also provides supply chain management services.

(a) Sale of goods

Revenue from sale of goods is recognised when control over the goods has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For goods whereby the Group is restricted contractually from directing for another use and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the units produced.

For goods whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset, generally on delivery of goods.

In some bill-and-hold arrangements, even though the Group has not yet delivered the goods to the customer, it has satisfied its performance obligation as control of the good has been transferred to the customer, and all of the following criteria are met: the reason for the bill-and-hold arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer, and the Group does not have the ability to use the good or to direct it to another customer.

(b) Service income

Revenue is recognised over time based on the contracted rate when the Group performs the service.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

(e) Rental income

Rental income arising from operating leases on leasehold factory building is accounted for on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.22 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management has assessed that no significant judgment was involved in the process of applying the Group's accounting policies.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of goodwill

As disclosed in Note 5 to the financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used as well as the expected future cash inflows and the terminal growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 5 to the financial statements.

The carrying amount of the goodwill as at 31 December 2019 is $914,029 (2018: $2,208,133).

(b) Allowance for expected credit losses of trade receivables and contract assets

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 9 and Note 32.

The carrying amount of the Group's trade receivables and contract assets as at 31 December 2019 is $7,043,027 and $90,578 (2018: $8,317,565 and $115,027) respectively. The carrying amount of the Company's trade receivables as at 31 December 2019 is $238,109 (2018: $1,087,961).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.1 Key sources of estimation uncertainty (cont'd)

(c) Impairment of investments in subsidiaries

The Group assesses at the end of each reporting period whether there is any objective evidence that an investment in subsidiary is impaired. Factors such as the subsidiary being in a shortfall position compared to the cost of investment or in a recurring loss-making position are objective evidence of impairment. If any indication exists, the Group makes an estimate of the subsidiary's recoverable amount.

A subsidiary's recoverable amount is the higher of its carrying amount and its value in use. Where the carrying amount of an investment in subsidiary exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. The value in use calculations are based on a discounted cash flow model. 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 terminal growth rate used for extrapolation purposes. The carrying amount of the Company's investments in subsidiaries is disclosed in Note 6.

(d) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold factory buildings $	Leasehold land $	Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost								
At 1 January 2018	37,398,050	–	28,427,923	3,606,922	4,577,972	191,317	5,103,138	79,305,322
Additions	–	–	88,807	923,586	46,194	–	104,375	1,162,962
Disposals	–	–	(7,295,576)	(64,799)	(21,056)	(25,366)	(56,676)	(7,463,473)
Written off	–	–	(575,069)	(42,292)	(22,815)	–	(319,559)	(959,735)
Reclassified to assets held for sale	(2,399,510)	–	–	–	–	–	–	(2,399,510)
Translation difference	1,460	–	(329,397)	(165,337)	(43,414)	(1,242)	(30,103)	(568,033)
At 31 December 2018	35,000,000	–	20,316,688	4,258,080	4,536,881	164,709	4,801,175	69,077,533
Effect of adopting SFRS(I) 16	1,123,230	5,080,618	–	–	–	–	–	6,203,848
At 1 January 2019 (restated)	36,123,230	5,080,618	20,316,688	4,258,080	4,536,881	164,709	4,801,175	75,281,381
Additions	426,137	–	132,537	265,111	29,936	–	139,570	993,291
Disposals	–	–	(92,912)	–	–	(29,933)	(31,628)	(154,473)
Written off	–	–	(255,999)	(156,957)	(140,820)	–	(61,893)	(615,669)
Reclassified to assets held for sale	(35,000,000)	(5,080,618)	–	(13,605)	–	–	(303,035)	(40,397,258)
Translation difference	–	–	(219,825)	(105,698)	(26,726)	(149)	(28,340)	(380,738)
At 31 December 2019	1,549,367	–	19,880,489	4,246,931	4,399,271	134,627	4,515,849	34,726,534

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Leasehold factory buildings $	Leasehold land $	Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Accumulated depreciation and impairment loss								
At 1 January 2018	3,955,501	–	26,669,745	2,524,588	4,314,138	131,707	4,349,129	41,944,808
Charge for the year	1,040,031	–	401,942	482,760	90,747	25,611	128,925	2,170,016
Disposals	–	–	(7,067,946)	(54,550)	(31,402)	(24,862)	(54,888)	(7,233,648)
Written off	–	–	(561,883)	(26,212)	(22,107)	–	(314,145)	(924,347)
Reclassified to assets held for sale	(133,306)	–	–	–	–	–	–	(133,306)
Translation difference	(1,115)	–	(289,424)	(101,295)	(36,096)	(1,224)	(24,665)	(453,819)
At 31 December 2018 and 1 January 2019	4,861,111	–	19,152,434	2,825,291	4,315,280	131,232	4,084,356	35,369,704
Charge for the year	1,556,554	163,233	296,639	542,633	89,689	11,463	164,708	2,824,919
Disposals	–	–	(89,011)	–	–	(23,946)	(6,991)	(119,948)
Written off	–	–	(249,445)	(140,904)	(138,811)	–	(56,492)	(585,652)
Reclassified to assets held for sale	(5,833,333)	(163,233)	–	(5,777)	–	–	(89,087)	(6,091,430)
Translation difference	(9,061)	–	(174,113)	(69,715)	(23,084)	(149)	(17,613)	(293,735)
At 31 December 2019	575,271	–	18,936,504	3,151,528	4,243,074	118,600	4,078,881	31,103,858
Net carrying amount								
At 31 December 2019	974,096	–	943,985	1,095,403	156,197	16,027	436,968	3,622,676
At 31 December 2018	30,138,889	–	1,164,254	1,432,789	221,601	33,477	716,819	33,707,829

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold factory building $	Leasehold land $	Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Cost								
At 1 January 2018	35,000,000	–	10,546,616	854,978	3,478,041	159,867	3,379,559	53,419,061
Additions	–	–	–	1,800	–	–	17,435	19,235
Disposals	–	–	–	(34,800)	–	–	–	(34,800)
Written off	–	–	–	–	–	–	(14,820)	(14,820)
At 31 December 2018	35,000,000	–	10,546,616	821,978	3,478,041	159,867	3,382,174	53,388,676
Effect of adopting SFRS(I) 16	–	5,080,618	–	–	–	–	–	5,080,618
At 1 January 2019 (restated)	35,000,000	5,080,618	10,546,616	821,978	3,478,041	159,867	3,382,174	58,469,294
Additions	–	–	–	–	4,085	–	4,873	8,958
Disposals	–	–	–	–	–	(29,933)	–	(29,933)
Written off	–	–	–	–	(59,791)	–	–	(59,791)
Reclassified to assets held for sale	(35,000,000)	(5,080,618)	–	(13,605)	–	–	(303,035)	(40,397,258)
At 31 December 2019	–	–	10,546,616	808,373	3,422,335	129,934	3,084,012	17,991,270

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold factory building $	Leasehold land $	Plant and machinery $	Factory equipment $	Computers $	Motor vehicles $	Furniture, fittings and office equipment $	Total $
Accumulated depreciation and impairment loss								
At 1 January 2018	3,888,888	–	10,533,875	846,087	3,403,187	100,780	3,085,362	21,858,179
Charge for the year	972,223	–	2,548	1,518	22,456	25,611	37,488	1,061,844
Disposals	–	–	–	(34,800)	–	–	–	(34,800)
Written off	–	–	–	–	–	–	(14,820)	(14,820)
At 31 December 2018 and 1 January 2019	4,861,111	–	10,536,423	812,805	3,425,643	126,391	3,108,030	22,870,403
Charge for the year	972,222	163,233	2,039	1,345	16,099	11,463	34,051	1,200,452
Disposals	–	–	–	–	–	(23,946)	–	(23,946)
Written off	–	–	–	–	(59,791)	–	–	(59,791)
Reclassified to assets held for sale	(5,833,333)	(163,233)	–	(5,777)	–	–	(89,087)	(6,091,430)
At 31 December 2019	–	–	10,538,462	808,373	3,381,951	113,908	3,052,994	17,895,688
Net carrying amount								
At 31 December 2019	–	–	8,154	–	40,384	16,026	31,018	95,582
At 31 December 2018	30,138,889	–	10,193	9,173	52,398	33,476	274,144	30,518,273

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Asset pledged as security

The Company's leasehold factory building with a carrying amount of $29,166,667 (2018: $30,138,889) is mortgaged to secure the Group's banking facilities. The leasehold factory building was reclassified to non-current assets classified as held for sale (Note 7) as at 31 December 2019.

For the purpose of consolidated statement of cash flows, purchase of property, plant and equipment comprises the following at 31 December:

	2019 $	2018 $
Additions	993,291	1,162,962
Less: additions of right-of-use assets	(426,137)	–
Additions	567,154	1,162,962
Amount payable		
– Remaining unpaid at the end of the financial year	(13,827)	(22,640)
– Opening balance paid during the financial year	22,640	2,249
Purchase of property, plant and equipment in cash	575,967	1,142,571

5. INTANGIBLE ASSETS

Group	Goodwill $
At cost	
At 1 January 2018	2,997,168
Translation differences	(147,209)
At 31 December 2018 and 1 January 2019	2,849,959
Translation differences	(67,942)
At 31 December 2019	2,782,017
Accumulated impairment losses	
At 1 January 2018, 31 December 2018 and 1 January 2019	(641,826)
Impairment loss	(1,226,162)
At 31 December 2019	(1,867,988)
Net carrying amount	
At 31 December 2019	914,029
At 31 December 2018	2,208,133

5. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill on consolidation

Goodwill acquired through business combinations have been allocated to two cash-generating units (CGU), which are also the subsidiaries of the Group, for impairment testing as follows:

	2019 $	2018 $
Goodwill allocated to CGU		
– Scantrans (India) Pvt. Ltd ("Scantrans")	914,029	2,208,133
– Avantouch Systems Pte Ltd ("Avantouch")	–	–
	914,029	2,208,133

In 2014, the Group fully impaired the goodwill in Avantouch of $641,826 due to the cessation of Avantouch's operations.

Scantrans continued to incur losses for the year ended 31 December 2019. Management performed an impairment assessment to assess the recoverable amount of Scantrans. The recoverable amount of Scantrans of $1,940,743 has been determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted terminal growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	2019	2018
Terminal growth rates	0%	0%
Pre-tax discount rate	13%	10%

As a result of this analysis, management has recognised an impairment charge of $1,226,162 in the current year against goodwill with a carrying amount of $2,208,133 as at 31 December 2018.

Key assumptions used in the value in use calculations and sensitivity to changes in assumptions

The calculations of value in use for the CGU are most sensitive to the following assumptions:

Budgeted revenues – Revenues forecasted are based on expected customer orders and industry growth rates. These are increased over the budget period for anticipated increases in sales.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

5. INTANGIBLE ASSETS (CONT'D)

Key assumptions used in the value in use calculations and sensitivity to changes in assumptions (cont'd)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. A rise in the pre-tax discount rate by 1% would result in a further impairment.

Terminal value – The terminal value is calculated based on the cash flow from the fifth year of the budget and the terminal growth rate and is based on the premise that the CGU is a going concern. A reduction by 1% in the terminal growth rate would result in a further impairment.

Management determined the weighted average growth rate based on past performance and its expectations for market development.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	$	$
Shares, at cost	15,385,351	15,385,351
Cost of share-based payments (Note 20) #	340,800	340,800
Less: Allowance for impairment	(9,070,134)	(7,620,000)
Carrying amount of investments	6,656,017	8,106,151
Loans to subsidiaries, net of impairment	1,263,570	2,485,758
	7,919,587	10,591,909

This arose from the share-based payment expense not being re-charged to subsidiaries for the share options granted to the employees of the subsidiaries.

Other than the below, loans to subsidiaries amounting to $Nil (2018: $1,095,100) are unsecured, interest-free and have no fixed terms of repayment.

	Company	
	2019	2018
	$	$
2.0% p.a. maturing on 30 June 2021	574,352	573,539
3.0% p.a. maturing on 07 April 2022	689,218	817,119

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Movement in allowance for impairment of investments

	Company	
	2019	2018
	$	$
At 1 January	7,620,000	6,970,000
Impairment losses	1,450,134	650,000
At 31 December	9,070,134	7,620,000

During the year, management performed an impairment review of its investments in Scantrans (India) Pvt. Ltd ("Scantrans") and IPSCOM Supply Chain (Shanghai) Co., Ltd ("IPS Shanghai") as these subsidiaries have been incurring losses. Accordingly, impairment losses of $1,005,106 (2018: $650,000) and $445,028 (2018: $Nil) were recorded against the Company's investments in Scantrans and IPS Shanghai respectively, which represent the write-down of the cost of investments to the estimated recoverable amount of these subsidiaries as at year end.

Expected credit losses on loans to subsidiaries

	Company	
	2019	2018
	$	$
Movement in allowance account:		
At 1 January	7,833,227	7,833,227
Charge for the year	1,095,100	–
At 31 December	8,928,327	7,833,227

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment	
			2019	2018	2019	2018
			%	%	$	$
Held by the Company						
IP Softcom (Malaysia) Sdn. Bhd. (1)	Assembling software packages and peripherals, printed materials, compact discs (CD) and diskettes and manufacturing and duplication of CD and diskettes as well as selling and distribution of computer related products	Malaysia	100	100	2,151,840	2,151,840
IP Ventures Pte Limited (2)	Investment holding	Singapore	100	100	2	2
IP Softcom (Shanghai) Co., Ltd (1)	Development of all kinds of computer software, manufacturing of computer hardware, electrical & electronics products and its accessories, sales of the products and providing related technical, consulting and after-sales services (subject to license where a license is required)	People's Republic of China	100	100	527,200	527,200
IP Softcom (Shenzhen) Co., Ltd (1)	Manufacturing and operating accessories of electronic telecommunication products, computer software, hardware and accessories, providing relevant technical developing and consulting services, processing presswork after printed and providing its related after-sale services	People's Republic of China	100	100	516,000	516,000

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment	
			2019	2018	2019	2018
			%	%	$	$
Held by the Company						
InPac Ventures Pte Ltd [2]	Investment holding	Singapore	100	100	200,000	200,000
Greenfield Ventures (M) Sdn Bhd [1]	Purchasing, establishing and carry on business as general merchants	Malaysia	100	100	1	1
IP Media (Xiamen) Co., Ltd. [1]	Development, manufacture and assembly of electronic and telecommunication products, computer software, hardware and its peripherals and provision of packaging services and the related after-sales services	People's Republic of China	100	100	2,467,503	2,467,503
IP Softcom (India) Private Limited [1]	Provision of supply chain management services, software replication, documentation, assembling of software packages and peripherals	India	100	100	555,713	555,713
Scantrans (India) Pvt. Ltd [1]	Offset printing and packaging services	India	75	75	7,655,106	7,655,106
International Press Softcom (Vietnam) Co., Ltd [4]	Packing of software bundles, software printed manuals, permitted compact discs and other permitted software packages and peripherals. Supply of prepacked software, computer hardware, and industrial and consumer electronics related components and equipment, and supply chain management services incidental to these services	Vietnam	100	100	866,958	866,958

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment	
			2019	2018	2019	2018
			%	%	$	$
Held by the Company						
IPSCOM Supply Chain Co., Ltd [(1)]	Sale of electronic products, printers and related cum accessories; paper products, plastic products, packing materials; office appliances, hardware tools, domestic appliance, the wholesale of electronic components, commission agency (excluding auction), import and export, and providing related supporting services	People's Republic of China	100	100	445,028	445,028
					15,385,351	15,385,351

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2019	2018
			%	%
Held through subsidiary, IP Ventures Pte Limited				
Avantouch Systems Pte Ltd [(3)]	Dormant	Singapore	54.71	54.71
Held through subsidiary's subsidiary, Avantouch Systems Pte Ltd				
Avantouch Software (Suzhou) Co., Ltd [(5)]	Dormant	People's Republic of China	54.71	54.71

(1) Audited by member firms of Ernst & Young Global in the respective countries.
(2) Audited by Ernst & Young LLP, Singapore.
(3) Audited by PK Lim & Co., Chartered Accountants, Singapore.
(4) Audited by BHP Auditing and Accounting Consultancy Co. The entity is audited by member firms of Ernst & Young Global for the purpose of group consolidation.
(5) Audited by Suzhou Sucheng Certified Public Accountants Co., Ltd, People's Republic of China.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

The Group has the following subsidiaries that have NCI which are material to the Group.

Name of Subsidiary	Principal place of business	Proportion of interest held by non-controlling interest	Loss allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period	Dividends paid to NCI
		%	$	$	$
31.12.2019					
Avantouch Systems Pte Ltd	Singapore	45.29	(3,083)	1,175,485	–
Scantrans (India) Pvt. Ltd	India	25.00	(129,260)	1,702,984	–
31.12.2018					
Avantouch Systems Pte Ltd	Singapore	45.29	(4,261)	1,211,788	–
Scantrans (India) Pvt. Ltd	India	25.00	(209,829)	1,634,937	–

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Avantouch Systems Pte Ltd		Scantrans (India) Pvt. Ltd	
	2019	2018	2019	2018
	$	$	$	$
Current				
Assets	–	–	2,214,404	2,816,168
Liabilities	(2,741,329)	(2,821,484)	(9,567,134)	(9,886,362)
Net current liabilities	(2,741,329)	(2,821,484)	(7,352,730)	(7,070,194)
Non-current				
Assets	–	–	1,753,273	3,000,517
Liabilities	–	–	(1,283,383)	(1,246,875)
Net non-current assets	–	–	469,890	1,753,642
Net liabilities	(2,741,329)	(2,821,484)	(6,882,840)	(5,316,552)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI (cont'd)

	Avantouch Systems Pte Ltd		Scantrans (India) Pvt. Ltd	
	2019	2018	2019	2018
	$	$	$	$
Summarised statement of comprehensive income				
Revenue	–	–	6,748,255	7,531,287
Loss before income tax	(6,807)	(9,408)	(517,039)	(839,316)
Income tax expense	–	–	–	–
Loss after tax	(6,807)	(9,408)	(517,039)	(839,316)
Other comprehensive income	86,962	75,718	244,855	458,564
Total comprehensive income/(loss)	80,155	66,310	(272,184)	(380,752)
Other summarised information				
Impairment loss on goodwill	–	–	1,226,162	–

7. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In December 2019, management committed to a plan to sell the purpose-built 6-storey leasehold factory building held by the Company. Accordingly, the property and its associated assets and liabilities are presented as non-current assets and liabilities classified as held for sale respectively as at 31 December 2019. Efforts to sell the asset have begun and a sale is expected within 1 year from the financial year end. The Group recorded impairment losses of $3,740,000 to write-down of the assets held for sale to the lower of its carrying amount and its fair value less cost of disposal. The impairment losses have been applied to reduce the carrying amount of the leasehold factory building.

In December 2018, management committed to a plan to sell the single-storey factory and warehouse with 1 attached double-storey office held by the Group's subsidiary in Malaysia. The property was presented as non-current assets classified as held for sale as at 31 December 2018. In 2019, management continues to engage in activities to sell the property and assesses that a sale is expected within 1 year from the financial year end. Accordingly, the property continues to be classified as asset held for sale as at 31 December 2019.

As at 31 December 2019, the non-current assets were stated at the lower of carrying costs or fair value less cost of disposal and comprised the following assets and liabilities:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Property, plant and equipment, representing total assets held for sale	32,829,274	2,266,204	30,565,828	–
Lease liabilities, representing total liabilities associated with assets held for sale	(5,012,959)	–	(5,012,959)	–

8. INVENTORIES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Balance sheet				
Finished goods	901,519	862,180	151,250	106,304
Work-in-progress	227,393	281,821	–	–
Raw materials	683,878	1,279,807	–	–
Total inventories at lower of cost and net realisable value	1,812,790	2,423,808	151,250	106,304
Income statement				
Inventories recognised as an expense in cost of sales	16,209,203	17,095,299	216,653	352,186
Inclusive of the following charge:				
– Allowance for inventory obsolescence	49,560	258,802	–	–
– Allowance for inventory obsolescence written back	(243,921)	(129,576)	–	(18)
– Write back of inventories previously written off	(12,549)	(212)	–	–
– Inventories written off	93,086	52,196	–	–

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts in 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

9. TRADE RECEIVABLES

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Trade receivables	7,218,983	8,478,634	263,782	380,970
Amounts due from subsidiaries (trade)	–	–	941,383	950,129
	7,218,983	8,478,634	1,205,165	1,331,099
Allowance for impairment	(175,956)	(161,069)	(967,056)	(243,138)
Total trade receivables	7,043,027	8,317,565	238,109	1,087,961
Add:				
– Other receivables and deposits (Note 10)	1,260,999	1,564,491	324,236	424,303
– Amount due from subsidiaries (non-trade) (Note 11)	–	–	1,011,508	3,030,105
– Cash and cash equivalents (Note 12)	2,997,915	3,020,755	719,175	520,531
Total financial assets carried at amortised cost	11,301,941	12,902,811	2,293,028	5,062,900

Trade receivables are non-interest bearing and are generally on 30 to 120 days' terms. They are recognised at their original invoice amounts which represents their fair value on initial recognition.

Trade receivables denominated in foreign currencies at 31 December are as follows:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
– United States Dollars	1,207,437	1,443,041	20,202	535,679
– Australian Dollars	–	1,726	–	–

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL as at 31 December 2019 are as follows:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Movement in allowance account:				
At 1 January	161,069	271,724	243,138	434,754
Charge for the year	93,108	97,296	723,918	9,138
Written off	–	(202,683)	–	(200,754)
Written back	(73,626)	(691)	–	–
Exchange differences	(4,595)	(4,577)	–	–
At 31 December	175,956	161,069	967,056	243,138

10. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Other receivables and deposits (Current)				
Deposits	279,706	298,661	24,480	34,990
Advance to employees	5,104	11,139	–	–
Advances to suppliers	102,034	523,428	–	–
Service tax receivable	345,377	519,678	–	–
Other receivables	393,969	661,488	299,756	389,313
	1,126,190	2,014,394	324,236	424,303
Add: Other receivables and deposits (non-current)				
Deposits	495,290	509,386	–	–
Service tax receivable	343,647	315,103	–	–
Other receivables	92,034	94,956	–	–
	930,971	919,445	–	–
Less:				
Advances to suppliers	(102,034)	(523,428)	–	–
Service tax receivable	(689,024)	(834,781)	–	–
Advances to employees	(5,104)	(11,139)	–	–
	(796,162)	(1,369,348)	–	–
Other receivables and deposits carried at amortised cost	1,260,999	1,564,491	324,236	424,303

Included in other receivables of the Company is an amount of $146,059 (2018: $231,840) receivable from the non-controlling shareholder of Scantrans as they were unable to meet the profit guarantee as per the terms and conditions in the Joint Venture Agreement entered in 2007.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

11. AMOUNTS DUE FROM/(TO) SUBSIDIARIES LOAN DUE TO HOLDING COMPANY AND SUBSIDIARY

Amounts due from subsidiaries

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

Expected credit losses

The movement in allowance for expected credit losses of non-trade amount due from subsidiaries computed based on lifetime ECL as at 31 December 2019 are as follows:

	Company	
	2019	2018
	$	$
Movement in allowance account:		
At 1 January	482,221	482,221
Charge for the year	1,865,560	–
At 1 January and 31 December 2018	2,347,781	482,221

Loan due to holding company and subsidiary

The loan from holding company and subsidiary is unsecured, bears interest at 2.00% (2018: 2.00%) per annum, is to be settled in cash and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Cash and bank balances	2,542,785	2,455,460	719,175	520,531
Fixed deposits	455,130	565,295	–	–
Cash and cash equivalents	2,997,915	3,020,755	719,175	520,531

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between one week and a year, depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates. The effective interest rates as at 31 December 2019 for the Group ranges from 1.55% to 7.00% (2018: 1.80% to 7.00%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
– United States Dollars	1,053,322	455,419	166,627	174,128
– Australian Dollars	11,655	391	–	–

13. TRADE AND OTHER PAYABLES

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Trade payables	3,929,994	4,818,092	92,692	113,262
Amounts due to subsidiaries (trade)	–	–	–	7,532
Sundry payables	1,037,584	1,494,873	308,954	349,871
Payables in relation to purchase of property, plant and equipment	17,593	22,640	–	–
Total trade and other payables	4,985,171	6,335,605	401,646	470,665
Add:				
– Accruals (Note 14)	2,035,727	2,145,243	890,592	729,747
– Amounts due to subsidiaries (non-trade) (Note 11)	–	–	114,693	109,692
– Loan due to holding company (Note 11)	306,000	–	306,000	–
– Amount due to directors (Note 15)	687,500	555,000	687,500	555,000
– Interest-bearing bank loans (Note 16)	4,928,452	3,329,555	2,000,000	–
– Non-interest-bearing loan (Note 17)	325,895	336,240	–	–
– Lease liabilities (Note 29)	6,039,303	–	5,012,959	–
Total financial liabilities carried at amortised cost	19,308,048	12,701,643	9,413,390	1,865,104

Trade payables are normally settled on 30 to 120 days terms and are non-interest bearing.

Trade and other payables denominated in foreign currencies as at 31 December are as follows:

	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
– United States Dollars	253,848	139,060	53,139	54,056
– Euro	1,435	–	1,435	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

14. ACCRUALS

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Accrued operating expenses classified as financial liabilities carried at amortised cost	2,035,727	2,145,243	890,592	729,747

Accruals denominated in foreign currencies as at 31 December are as follows:

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
- United States Dollars	62,087	56,495	62,087	56,495

15. AMOUNT DUE TO DIRECTORS OF COMPANY

The amount due to directors of Company is unsecured, interest-free, and repayable on demand.

16. INTEREST-BEARING BANK LOANS

	Effective interest rate per annum	Maturity	Group		Company	
			2019	2018	2019	2018
			$	$	$	$
Current:						
Bank overdrafts	8.85% (2018: 9.25%)	2020	2,678,286	2,691,332	–	–
Bank overdrafts	8.85% (2018: 9.25%)	2020	250,166	638,223	–	–
Money market loans	3.82% (2018: Nil)	2020	2,000,000	–	2,000,000	–
			4,928,452	3,329,555	2,000,000	–

Bank overdrafts are denominated in Indian Rupee ("INR") and are secured by a standby letter of credit issued by UOB Bank and over the mortgage of the Company's leasehold factory building. Money market loan is denominated in SGD and is secured by the same mortgage over the Company's leasehold factory building.

17. NON-INTEREST BEARING LOAN

The loan due to a non-controlling shareholder of a subsidiary is unsecured and interest-free. The loan is to be settled in cash and is repayable on demand.

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	1 January 2019 $	Cash flows $	Non-cash changes: Accretion of interest $	Non-cash changes: Foreign exchange movement $	31 December 2019 $
Interest-bearing bank loans	3,329,555	1,701,345	–	(102,448)	4,928,452
Non-interest bearing loan	336,240	–	–	(10,345)	325,895
Loan due to holding company	–	300,000	6,000	–	306,000
Total	3,665,795	2,001,345	6,000	(112,793)	5,560,347

	1 January 2018 $	Cash flows $	Non-cash changes: Accretion of interest $	Non-cash changes: Foreign exchange movement $	31 December 2018 $
Interest-bearing bank loans	3,323,473	213,799	–	(207,717)	3,329,555
Non-interest bearing loan	358,656	–	–	(22,416)	336,240
Loan due to holding company	733,500	(733,500)	–	–	–
Total	4,415,629	(519,701)	–	(230,133)	3,665,795

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

18. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

Group 2019	At 1 January $	Credited/ (charged) to the income statement $	Recognised in equity $	Translation difference $	At 31 December $
Deferred tax liabilities					
Differences in depreciation	(3,818,537)	3,570,241	–	1,376	(246,920)
Undistributed earnings of subsidiaries	(35,000)	17,000	–	–	(18,000)
Other sundry timing differences	(4,652)	1,973	–	157	(2,522)
Gross Total	(3,858,189)	3,589,214	–	1,533	(267,442)
Deferred tax assets					
Provisions	547,345	14,336	–	(17,382)	544,299
Differences in depreciation	122,678	49,359	–	(3,472)	168,565
Other sundry timing differences	472,866	(360,910)	–	(1,245)	110,711
Unutilised tax losses	3,199,105	(3,199,105)	–	–	–
Gross Total	4,341,994	(3,496,320)	–	(22,099)	823,575
2018					
Deferred tax liabilities					
Differences in depreciation	(4,225,030)	402,179	4,706	(392)	(3,818,537)
Undistributed earnings of subsidiaries	(35,000)	–	–	–	(35,000)
Other sundry timing differences	–	(4,573)	–	(79)	(4,652)
Gross Total	(4,260,030)	397,606	4,706	(471)	(3,858,189)
Deferred tax assets					
Provisions	536,760	27,308	–	(16,723)	547,345
Differences in depreciation	147,705	(19,287)	–	(5,740)	122,678
Other sundry timing differences	693,738	(218,251)	–	(2,621)	472,866
Unutilised tax losses	3,199,105	–	–	–	3,199,105
Gross Total	4,577,308	(210,230)	–	(25,084)	4,341,994

18. DEFERRED TAX (CONT'D)

Company 2019	At 1 January $	Credited/ (charged) to the income statement $	Recognised in equity $	At 31 December $
Deferred tax liabilities				
Differences in depreciation	(3,560,282)	3,488,709	–	(71,573)
Gross Total	(3,560,282)	3,488,709	–	(71,573)
Deferred tax assets				
Other sundry timing differences	361,177	(289,604)	–	71,573
Unutilised tax losses	3,199,105	(3,199,105)	–	–
Gross Total	3,560,282	(3,488,709)	–	71,573
2018				
Deferred tax liabilities				
Differences in depreciation	(3,767,944)	207,662	–	(3,560,282)
Gross Total	(3,767,944)	207,662	–	(3,560,282)
Deferred tax assets				
Other sundry timing differences	568,839	(207,662)	–	361,177
Unutilised tax losses	3,199,105	–	–	3,199,105
Gross Total	3,767,944	(207,662)	–	3,560,282

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

18. DEFERRED TAX (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

Group	Gross total	Offsetting amounts	Net total on balance sheet
2019	**$**	**$**	**$**
Deferred tax liabilities	(267,442)	120,191	(147,251)
Deferred tax assets	823,575	(120,191)	703,384
Group			
2018			
Deferred tax liabilities	(3,858,189)	3,680,404	(177,785)
Deferred tax assets	4,341,994	(3,680,404)	661,590

	Company	
	2019	**2018**
	$	**$**
Deferred tax liabilities	(71,573)	(3,560,282)
Deferred tax assets	71,573	3,560,282
Net deferred tax liability	–	–

Unrecognised tax losses

As at the end of the reporting period, the Group had unutilised wear and tear allowances and tax losses of approximately $8,663,000 (2018: $8,534,000) and $41,547,000 (2018: $19,429,000) respectively, which are available for offset against future taxable income of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

19. SHARE CAPITAL

	2019		2018	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares:				
At 1 January	732,036,666	52,618,927	439,222,000	49,549,249
Issuance of new ordinary shares arising from the rights issue	–	–	292,814,666	3,220,961
Share issuance expense	–	–	–	(151,283)
At 31 December	732,036,666	52,618,927	732,036,666	52,618,927

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

During 2018, the Company issued new ordinary shares pursuant to a rights issue on the basis of two (2) rights shares for every three (3) existing ordinary shares in the capital of the Company at an issued price of $0.011 per rights share.

20. RESERVES

	Group		Company	
	2019	2018	2019	2018
	$	$	$	$
Translation reserve (a)	(325,958)	(169,813)	–	–
Restricted reserve (b)	512,588	512,588	–	–
Other reserves (c)	2,559,953	2,559,953	340,800	340,800
Accumulated loss	(19,452,352)	(9,712,141)	(21,293,299)	(8,481,844)
	(16,705,769)	(6,809,413)	(20,952,499)	(8,141,044)

20. RESERVES (CONT'D)

Movement in reserves for the Group is disclosed in the Consolidated Statement of Changes in Equity. Movement in reserves for the Company is set out below:

Company 2019	Revaluation reserve $	Other reserves $	Accumulated losses $	Total reserves $
At 1 January 2019	–	340,800	(8,481,844)	(8,141,044)
Loss for the year	–	–	(12,811,455)	(12,811,455)
At 31 December 2019	–	340,800	(21,293,299)	(20,952,499)
2018				
At 1 January 2018	–	340,800	(4,267,469)	(3,926,669)
Loss for the year	–	–	(4,214,375)	(4,214,375)
At 31 December 2018	–	340,800	(8,481,844)	(8,141,044)

(a) 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.

(b) Restricted reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China (PRC), the subsidiaries are required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

(c) Other reserves

The Group adopted the entity concept method to account for additional shares in subsidiaries acquired from non-controlling interests. Any acquisition of additional shares from non-controlling interests is treated as being a transaction between owners and the difference between the share of the assets and liabilities acquired from the non-controlling interests and the cost of the additional interests in the subsidiary acquired is reflected as discount arising from the purchase of non-controlling interests shares in other reserve.

The reserve includes equity-settled share options granted to employees of the Group. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

21. REVENUE

(a) Disaggregation of revenue

	Group	
	Supply Chain Management	
	2019	2018
Segment	$	$
Primary geographical markets		
Singapore	1,536,953	1,864,501
Malaysia	3,112,486	3,828,316
People's Republic of China	6,312,139	7,450,736
India	11,019,721	13,280,153
Vietnam	7,292,066	6,232,500
Australia	–	24,561
	29,273,365	32,680,767
Timing of transfer of goods or services		
At a point in time	24,283,013	27,600,927
Over time	4,990,352	5,079,840
	29,273,365	32,680,767

(b) Judgement and methods used in estimating revenue

Management is of the opinion that there is no significant judgement and estimates used in the revenue recognition process.

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group	
	2019	2018
	$	$
Receivables from contracts with customer (Note 9)	7,043,027	8,317,565
Contract assets	90,578	115,027
Contract liabilities	–	6,195

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $19,482 (2018: $96,605).

Contract assets relate to the Group's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers. Contract liabilities are recognised as revenue as the Group performs under the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

22. OTHER OPERATING INCOME

	Group	
	2019	2018
	$	$
Rental income	532,928	439,393
Allowance for stocks obsolescence written back, net	194,361	–
Net gain on disposal of assets	4,163	101,522
Gain from assets held for sale	–	151,531
Scrap sales and other services rendered to customers	196,972	186,529
Insurances claims and grants	30,546	123,402
	958,970	1,002,377

23. PERSONNEL EXPENSES

	Group	
	2019	2018
	$	$
Wages and salaries	6,212,404	7,433,097
Central Provident Fund and other pension costs	712,420	849,655
Other personnel related expenses	1,175,897	1,350,786
	8,100,721	9,633,538

24. FINANCIAL EXPENSE – NET

	Group	
	2019	2018
	$	$
Interest income		
– Bank deposits carried at amortised cost	(29,009)	(37,666)
Interest expense		
– Bank loans and overdraft carried at amortised cost	323,708	286,330
– Finance cost on lease liabilities	335,381	–
– Others	–	9,546
	630,080	258,210

25. LOSS BEFORE TAX

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

	Group	
	2019	2018
	$	$
Audit fees		
– auditors of the Company	84,500	84,500
– affiliates of auditors of the Company	126,568	133,787
– other auditors of the Company	8,192	6,165
Non-audit fees		
– auditors of the Company	11,000	11,000
Directors' fees		
– Directors of the Company	132,500	132,500
– Directors of subsidiaries	41,475	47,541
Bad debts written off	53,434	19,017
Allowance for inventory obsolescence	49,560	258,802
Allowance for inventory obsolescence written back	(243,921)	(129,576)
Write back of inventories previously written off	(12,549)	(212)
Inventories written off	93,086	52,196
Realised exchange loss	19,717	144,534
Unrealised exchange loss	319,507	106,243
Operating lease expenses	196,871	1,274,026

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

26. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	2018
	$	$
Consolidated income statement		
Current income tax:		
– current income tax:	176,310	415,459
– under provision in respect of prior years	–	6,251
Deferred income tax (Note 18):		
– current year	(92,894)	(187,619)
– under provision in respect of prior years	–	243
Tax expense recognised in the income statement	83,416	234,334

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	2018
	$	$
Loss before tax	(9,789,138)	(4,453,640)
Tax at the domestic rates applicable to profits in the countries concerned	(1,676,343)	(595,343)
Effect of reduction in tax rate	–	(186,162)
Income not subject to tax	(99,467)	(351,907)
Expenses not deductible for tax purposes	1,347,464	688,367
Benefits from previously unrecognised tax losses	(25,586)	–
Under provision in respect of prior years	–	6,494
Deferred tax asset not recognised	618,876	677,194
Effect of partial tax exemption and tax relief	(75,607)	–
Others	(5,921)	(4,309)
Tax expense recognised in the income statement	83,416	234,334

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

27. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing loss, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted number of ordinary shares that would be issued on the conversion of any dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2019 $	2018 $
Loss for the year attributable to owners of the Company used in the computation of basic earnings per share	(9,740,211)	(4,473,884)

	Group	
	2019 No. of shares	2018 No. of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation	732,036,666	573,996,969

28. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Contingent liabilities

Corporate guarantees

The Company has provided a corporate guarantee to a bank for a $4,872,420 (2018: $3,329,555) banking facilities utilised by its India subsidiary companies, which could be called within the next one year.

(b) Operating lease commitments – as lessee

Future minimum lease payments payable under non-cancellable operating leases as at 31 December 18 are as follows:

	Group 2018 $	Company 2018 $
Future minimum lease payments		
Not later than one year	938,043	320,200
Later than one year but not later than five years	2,055,915	1,289,400
Later than five years	8,421,394	8,421,394
	11,415,352	10,030,994

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

29. LEASES

Group as a lessee

The Group have operating lease commitments in respect of office, factory and residential premises. These leases have an average life of between 1 year and 60 years with both renewal and non-renewal option included in the contracts. In addition, there is no escalation clause included in the contracts. There are no restrictions placed upon the Group or the Company by entering into these leases.

The Group also has certain leases of factory with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) *Carrying amounts of right-of-use assets classified within property, plant and equipment*

	Group 2019 $	Company 2019 $
At 1 January	6,203,848	5,080,618
Additions	426,137	–
Depreciation charge for the year	(747,565)	(163,233)
Reclassified to assets held for sale	(4,917,385)	(4,917,385)
Exchange differences	9,061	–
As at 31 December	974,096	–

(b) *Lease liabilities*

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Group 2019 $	Company 2019 $
As at 1 January	6,203,848	5,080,618
Additions	426,137	–
Accretion of interest	335,381	252,541
Payments	(934,120)	(320,200)
Exchange differences	8,057	–
As at 31 December	6,039,303	5,012,959
Presented as		
– Current	580,166	–
– Non-current	446,178	–
– Liabilities held for sale (current)	5,012,959	5,012,959

The maturity analysis of lease liabilities is disclosed in Note 32.

29. LEASES (CONT'D)

Group as a lessee (cont'd)

(c) Amounts recognised in profit or loss

	Group 2019 $
Depreciation expense of right-of-use assets	747,565
Interest expense on lease liabilities	335,381
Lease expense not capitalised in lease liabilities	
- Expense relating to short-term leases	196,871
Total amount recognised in profit or loss	1,279,817

(d) Total cash outflow

The Group had total cash outflows for leases of $1,130,991 in 2019. The Group also had non-cash additions to right-of-use assets and lease liabilities of $426,137 in 2019 (2018: $Nil).

Group as a lessor

The Group has entered into commercial property leases on its leasehold factory building. These non-cancellable leases have remaining lease term of less than a year to not later than three years. Rental income recognised by the Group during the year is $532,928 (2018: $439,393)

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Group	
Future minimum rental receivables	**2019 $**	**2018 $**
Not later than one year	341,700	433,128
Later than one year but not later than five years	160,000	352,000
	501,700	785,128

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

30. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

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

	Group	
	2019	**2018**
	$	**$**
Interest payable to holding company	6,000	–

(b) Compensation of key management personnel

	Group	
	2019	**2018**
	$	**$**
Short-term employee benefits	1,538,348	1,627,418
Central Provident Fund contributions	69,996	83,338
Total compensation paid to key management personnel	1,608,344	1,710,756
Comprise amounts paid to:		
Directors of the Company	960,523	918,220
Other key management personnel	647,821	792,536
	1,608,344	1,710,756

The remuneration of key management personnel are determined by the remuneration committee having regards to the performance of individuals and market trends.

31. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Note	Quoted prices in active markets for identical instruments (Level 1) $	Significant observable inputs other than quoted prices (Level 2) $	Significant unobservable inputs (Level 3) $
Group and Company				
2019				
Recurring fair value measurements				
Non-current assets, less liabilities, classified as held for sale*	7	–	–	25,552,869
2018				
Recurring fair value measurements				
Non-current assets, less liabilities, classified as held for sale	7	–	–	–

* Non-current assets classified as held for sale were written down to their fair value of $26,000,000 less estimated costs to sell of $447,131, resulting in a net loss of $3,740,000 which was included in the profit or loss for the year.

(c) Level 3 fair value measurements

The fair value of non-current assets classified as held for sale was determined by reference to a recent offer made by a third party for the property near the financial year end.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

31. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of asset which is not carried at fair value and whose carrying amounts are not reasonable approximation of fair values are presented in the following table.

	Carrying amount $	Fair value $
Group		
2019		
Non-current asset classified as held for sale	2,263,446	2,490,004
2018		
Non-current asset classified as held for sale	2,266,204	2,892,560

Fair value of the non-current asset classified as held for sale is independently valued by CH Williams Talhar & Wong Sdn Bhd in December 2019. Set below is the methods and significant unobservable inputs used in the fair value determination.

Description	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Non-current assets classified as held for sale (Note 7)	Market comparable approach	Difference in time factor, size and tenure	-19.0% to 1.0%	Every 1% increase/ (decrease) in the adjustments would result in (decrease) /increase in fair value by $18,000

(e) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade receivables, other receivables and deposits, amounts due from/(to) subsidiaries, cash and cash equivalents, trade and other payables, accruals, amount due to holding company, interest-bearing bank loans, non-interest-bearing loan, lease liabilities and amount due to a directors of Company.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks. There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

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 exposure to interest rate risk arises primarily from interest-bearing bank loans. The Group's policy is to obtain the most favourable interest rates available. The Group's interest-bearing bank loans are repriced at interval of change in the prime ceiling rate.

Sensitivity analysis for interest rate risk

At the end of the reporting period, assuming that all other variables remain constant except that the INR and SGD interest rate had been 100 basis points lower/higher, the Group's loss before tax would have been lower/higher by $29,285 and $20,000 respectively (2018: $33,808 and $Nil respectively), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or 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.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the Board of Directors to finance the Group's and the Company's operations and mitigate the effects of fluctuation in cash flows. The Group and the Company will ensure that there are adequate funds to meet all its obligations in a timely and cost-effective manner. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

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

Group 2019	One year or less $	One to five years $	Over five years $	Total $
Financial assets:				
Trade receivables	7,043,027	–	–	7,043,027
Other receivables and deposits	673,675	587,324	–	1,260,999
Cash and cash equivalents	2,997,915	–	–	2,997,915
Total undiscounted financial assets	10,714,617	587,324	–	11,301,941
Financial liabilities:				
Lease liabilities [1]	1,018,466	1,687,330	8,121,402	10,827,198
Trade and other payables	4,985,171	–	–	4,985,171
Accruals	2,035,727	–	–	2,035,727
Interest-bearing bank loans [2]	5,206,691	–	–	5,206,691
Non-interest bearing loan	325,895	–	–	325,895
Loan due to holding company [3]	312,000	–	–	312,000
Amount due to directors of Company	687,500	–	–	687,500
Total undiscounted financial liabilities	14,571,450	1,687,330	8,121,402	24,380,182
Total net undiscounted financial liabilities	(3,856,833)	(1,100,006)	(8,121,402)	(13,078,241)
2018				
Financial assets:				
Trade receivables	8,317,565	–	–	8,317,565
Other receivables and deposits	960,149	604,342	–	1,564,491
Cash and cash equivalents	3,020,755	–	–	3,020,755
Total undiscounted financial assets	12,298,469	604,342	–	12,902,811
Financial liabilities:				
Trade and other payables	6,335,605	–	–	6,335,605
Accruals	2,145,243	–	–	2,145,243
Interest-bearing bank loans [2]	3,637,538	–	–	3,637,538
Non-interest bearing loan	336,240	–	–	336,240
Amount due to directors of Company	555,000	–	–	555,000
Total undiscounted financial liabilities	13,009,626	–	–	13,009,626
Total net undiscounted financial (liabilities)/assets	(711,157)	604,342	–	(106,815)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

Company 2019	One year or less $	One to five years $	Over five years $	Total $
Financial assets:				
Trade receivables	238,109	–	–	238,109
Other receivables and deposits	324,236	–	–	324,236
Amount due from subsidiaries (non-trade)	1,011,508	–	–	1,011,508
Cash and cash equivalents	719,175	–	–	719,175
Total undiscounted financial assets	2,293,028	–	–	2,293,028
Financial liabilities:				
Lease liabilities (1)	322,350	1,289,400	8,099,044	9,710,794
Trade and other payables	401,646	–	–	401,646
Accruals	890,592	–	–	890,592
Amount due to subsidiaries (non-trade)	114,693	–	–	114,693
Loan due to holding company (3)	312,000	–	–	312,000
Interest-bearing bank loans (4)	2,019,072	–	–	2,019,072
Amount due to directors of Company	687,500	–	–	687,500
Total undiscounted financial liabilities	4,747,853	1,289,400	8,099,044	14,136,297
Total net undiscounted financial liabilities	(2,454,825)	(1,289,400)	(8,099,044)	(11,843,269)
2018				
Financial assets:				
Trade receivables	1,087,961	–	–	1,087,961
Other receivables and deposits	424,303	–	–	424,303
Amount due from subsidiaries (non-trade)	3,030,105	–	–	3,030,105
Cash and cash equivalents	520,531	–	–	520,531
Total undiscounted financial assets	5,062,900	–	–	5,062,900
Financial liabilities:				
Trade and other payables	470,665	–	–	470,665
Accruals	729,747	–	–	729,747
Amount due to subsidiaries (non-trade)	109,692	–	–	109,692
Amount due to directors of Company	555,000	–	–	555,000
Total undiscounted financial liabilities	1,865,104	–	–	1,865,104
Total net undiscounted financial assets	3,197,796	–	–	3,197,796

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk (cont'd)

(1) Lease liabilities of $9,710,794 (2018: $Nil) relate to liabilities associated with assets classified as held for sale and presented under current liabilities as at 31 December 2019.
(2) Included interest payable within one year amounting to $278,239 for 2019 (2018: $307,983).
(3) Included interest payable within one year amounting to $6,000 for 2019 (2018: $Nil).
(4) Included interest payable within one year amounting to $19,072 for 2019 (2018: $Nil).

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Group Financial Controller.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating as and when necessary
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

The Group determined that its financial assets are credit-impaired when:

- There is a significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade receivables and contract assets

The Group provides for lifetime expected credit losses for all trade receivables, and contract assets using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due grouped by geographical region. The loss allowance provision as at 31 December 2019 is determined as follows, the expected credit losses below also incorporate forward looking information such as industry default rate.

Singapore:	**Contract assets $**	**Current $**	**Past due $**	**More than 60 days past due $**	**More than 90 days past due $**	**Total $**
31.12.2019						
Gross carrying amount	–	103,544	85,302	7,973	66,963	263,782
Loss allowance provision	–	–	–	–	(25,673)	(25,673)
31.12.2018						
Gross carrying amount	–	142,139	186,374	21,811	30,646	380,970
Loss allowance provision	–	–	–	–	(25,138)	(25,138)
Other geographical areas:						
31.12.2019						
Gross carrying amount	90,578	5,629,028	986,646	73,462	266,065	7,045,779
Loss allowance provision	–	–	–	–	(150,283)	(150,283)
31.12.2018						
Gross carrying amount	115,027	6,443,349	1,412,450	86,091	155,774	8,212,691
Loss allowance provision	–	–	–	–	(135,931)	(135,931)

Information regarding loss allowance movement of trade receivables and contract assets are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

During the financial year, the Group wrote off $53,434 (2018: $221,700) of trade receivables which are more than 120 days past due as the Group does not expect to receive future cash flows from and there are no recoveries from collection of cash flows previously written off.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the end of the reporting period is as follows:

	Group			
	2019		2018	
	$	% of total	$	% of total
By country:				
People's Republic of China	2,468,017	35	2,835,351	34
India	1,963,309	27	2,765,197	33
Vietnam	1,755,963	25	1,831,130	22
Malaysia	489,394	7	444,751	5
Singapore	231,455	3	334,913	4
United States of America	28,317	–	46,060	–
Other countries	197,150	3	175,190	2
	7,133,605	100	8,432,592	100

At the end of the reporting period, there was no significant credit risk concentration from the customers.

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily, Ringgit Malaysia (RM), Renminbi (RMB), Indian Rupees (INR) and Vietnam Dong (VND). The foreign currencies in which these transactions are denominated are mainly the United States Dollars (USD).

The Group and the Company also hold cash and cash equivalents denominated in foreign currency for working capital purposes. Information regarding cash and cash equivalents denominated in foreign currency is disclosed in Note 12.

The Group is also exposed to currency translation risk arising from its net investments in the foreign operations, including Malaysia, People's Republic of China ("PRC"), India and Vietnam. These assets are long-term in nature and the exchange differences from translation are taken directly to the translation reserve. The exchange rates are monitored regularly.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD exchange rate against respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(decrease) Loss before tax	
	2019 $'000	2018 $'000
United States Dollar/Singapore Dollars		
– strengthened 3.0% (2018: 6.0%)	49	87
– weakened 3.0% (2018: 6.0%)	(49)	(87)

33. CAPITAL MANAGEMENT

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 shareholder value.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 31 December 2018.

As disclosed in Note 20(b), certain subsidiaries are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to the approval by the relevant PRC authorities. This externally imposed capital requirement had been complied with by the subsidiaries for the financial years ended 31 December 2019 and 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company less the above mentioned restricted reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

33. CAPITAL MANAGEMENT (CONT'D)

	Note	Group 2019 $	Group 2018 $
Trade and other payables	13	4,985,171	6,335,605
Accruals	14	2,035,727	2,145,243
Lease liabilities, excluding liabilities associated with assets held for sale	29	1,026,344	–
Interest-bearing bank loans	16	4,928,452	3,329,555
Non-interest bearing loan	17	325,895	336,240
Amount due to holding company	11	306,000	–
Amount due to directors of Company	15	687,500	555,000
Less: Cash and cash equivalents	12	(2,997,915)	(3,020,755)
Net debt		11,297,174	9,680,888
Equity attributable to owners of the Company		35,913,158	45,809,514
Less: Restricted reserves	20	(512,588)	(512,588)
Total capital		35,400,570	45,296,926
Capital and net debt		46,697,744	54,977,814
Gearing ratio		24.2%	17.6%

34. SEGMENT INFORMATION

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

i. The supply chain management segment provides a wide range of value-added services which includes supply chain solutions, print and media products which include material procurement, inventory management, logistics management, software replication and order fulfilment.

ii. The investment holding segment holds investment, whether quoted or unquoted.

iii. The computer systems integration and consultation services segment focuses on mobile contents including digital product shelf displays and other related activities.

Except as indicated above, no 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.

Segment assets consist primarily of property, plant and equipment, certain inventories and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation. Capital expenditure comprises additions to property, plant and equipment.

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

34. SEGMENT INFORMATION (CONT'D)

By business segment

2019	Supply chain management $'000	Investment holdings $'000	Computer systems integration and consultancy services $'000	Adjustments and eliminations $'000	Notes	Per consolidated financial statements $'000
Revenue						
External customers	29,273	–	–	–		29,273
Inter-segment	3,161	–	–	(3,161)	A	–
Total turnover	32,434	–	–	(3,161)		29,273
Results:						
Interest income	29	–	–	–		29
Interest expense	(659)	–	–	–		(659)
Depreciation	(2,825)	–	–	–		(2,825)
Impairment loss on intangible assets	(1,226)	–	–	–		(1,226)
Impairment loss on assets held for sale	(3,740)	–	–	–		(3,740)
Other non-cash expenses	4	–	–	–	B	4
Segment loss	(9,767)	(11)	(7)	(4)	C	(9,789)
Additions to non-current assets	567	–	–	–	D	567
Segment assets	52,156	141	–	369	E	52,666
Segment liabilities	18,991	6	4	630		19,631

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

34. SEGMENT INFORMATION (CONT'D)

By business segment

2018	Supply chain management $'000	Investment holdings $'000	Computer systems integration and consultancy services $'000	Adjustments and eliminations $'000	Notes	Per consolidated financial statements $'000
Revenue						
External customers	32,681	–	–	–		32,681
Inter-segment	4,813	–	–	(4,813)	A	–
Total turnover	37,494	–	–	(4,813)		32,681
Results:						
Interest income	38	–	–	–		38
Interest expense	(296)	–	–	–		(296)
Depreciation	(2,170)	–	–	–		(2,170)
Other non-cash expenses	(271)	–	–	–	B	(271)
Segment loss	(4,470)	(11)	(10)	37	C	(4,454)
Additions to non-current assets	1,163	–	–	–	D	1,163
Segment assets	55,566	148	–	336	E	56,050
Segment liabilities	12,696	10	1	380		13,087

34 SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Non-cash expenses are (deducted from)/added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	2019 $'000	2018 $'000
Gain on disposal of property, plant and equipment	(4)	(102)
Property, plant and equipment written off	30	35
Bad debts written off	53	19
Allowance for other receivables written off	11	41
Impairment loss on trade receivables	93	97
Reversal of impairment loss on trade receivables	(74)	(1)
Allowance for inventory obsolescence	50	259
Allowance for inventory obsolescence written back	(244)	(129)
Inventories written off, net	81	52
	(4)	271

C Unallocated expenses are (deducted) from or added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	2019 $'000	2018 $'000
Consolidation adjustments	(4)	37

D Additions to non-current assets consists of additions to property, plant and equipment excluding right-of-use assets.

E The following items are (deducted) from or added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	2019 $'000	2018 $'000
Deferred tax assets	703	662
Consolidation adjustments	(334)	(326)
	369	336

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 December 2019

34. SEGMENT INFORMATION (CONT'D)

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2019 $'000	2018 $'000
Deferred tax liabilities	147	178
Provision for taxation	177	202
Unallocated inter-segment liabilities	306	–
	630	380

Geographical information

Revenue, loss after tax and non-current assets information based on the geographical location of the source of revenue and assets respectively are as follows:

	Group					
	Revenue		Profit/(loss) after tax		Non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore	1,537	1,865	(8,848)	(5,171)	95	30,518
Malaysia	3,112	3,828	227	451	468	176
People's Republic of China	6,312	7,451	538	317	265	107
India	11,020	13,280	(2,021)	(715)	3,427	4,978
Vietnam	7,292	6,232	219	107	1,212	1,056
Australia	–	25	–	80	–	–
Eliminations and adjustments	–	–	13	243	–	–
At 31 December	29,273	32,681	(9,872)	(4,688)	5,467	36,835

Non-current assets information presented above consist of property, plant and equipment, other receivable and deposits and intangible assets as presented in the consolidated balance sheet.

35. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in China and South East Asia and its financial performance subsequent to the financial year end. The Group is cognizant of the challenges posed by these developing events and the potential impact they have on the business. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be ascertained yet.

36. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 27 March 2020.

SHAREHOLDINGS STATISTICS

AS AT 31 MARCH 2020

Issued and fully paid up capital	–	S$52,618,927
Total number of issued shares	–	732,036,666
Class of shares	–	Ordinary shares each with equal voting rights

The Company does not hold any treasury shares, nor any subsidiary holdings.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 31 March 2020, 13.26% of the issued ordinary shares of the Company were held by the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2	0.08	101	0.00
100 – 1,000	367	13.79	366,100	0.05
1,001 – 10,000	1,552	58.32	7,281,707	1.00
10,001 – 1,000,000	717	26.95	50,377,100	6.88
1,000,001 and above	23	0.86	674,011,658	92.07
	2,661	100.00	732,036,666	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	International Press Holdings Pte Ltd	524,082,564	71.59
2	Low Song Take or Leong Shook Wah	49,236,000	6.73
3	Woo Khai Chong	24,618,000	3.36
4	Woo Khai San	24,618,000	3.36
5	Low Ka Choon Kevin	12,474,000	1.70
6	Maybank Kim Eng Securities Pte.Ltd.	7,307,000	1.00
7	DBS Nominees Pte Ltd	5,441,966	0.74
8	Ang Hao Yao (Hong Haoyao)	3,262,066	0.45
9	Chicken Delight Private Limited	2,100,000	0.29
10	OCBC Securities Private Ltd	2,009,781	0.28
11	Tham Hwee Sing Josephine	2,000,000	0.27
12	Yeo Ah Moey	2,000,000	0.27
13	Chew Ah Kong	1,800,000	0.25
14	Low Sai Lee or Lim Tee Ming	1,665,000	0.23
15	Chua Ah Bah	1,530,000	0.21
16	United Overseas Bank Nominees Pte Ltd	1,516,999	0.21
17	Phillip Securities Pte Ltd	1,418,282	0.19
18	Pang Wing Seng	1,260,000	0.17
19	Ng Keat Leong	1,173,000	0.16
20	Chio Kian Huat	1,152,000	0.16
		670,664,658	91.62

SHAREHOLDINGS STATISTICS (CONT'D)

AS AT 31 MARCH 2020

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%	Deemed Interest	%	Total Interest	%
International Press Holdings Pte Ltd[1]	524,082,564	71.59	–	–	524,082,564	71.59
Low Song Take or Leong Shook Wah[1] [2]	49,236,000	6.73	524,082,564	71.59	573,318,564	78.32
Woo Khai Chong[3]	24,618,000	3.36	524,082,564	71.59	548,700,564	74.95
Woo Khai San[3]	24,618,000	3.36	524,082,564	71.59	548,700,564	74.95
Low Ka Choon Kevin[1]	12,474,000	1.70	524,082,564	71.59	536,556,564	73.29

Notes:

(1) The Company's holding company is International Press Holdings Pte Ltd. Messrs. Low Song Take and Low Ka Choon Kevin are deemed to have an interest in the shares held by Ze Hua Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries. Mr Low Ka Choon Kevin is the son of Mr Low Song Take.

(2) Leong Shook Wah is the spouse of Low Song Take.

(3) Messrs. Woo Khai Chong and Woo Khai San are deemed to have an interest in the shares held by Chee Chun Holdings Pte. Ltd. in International Press Holdings Pte Ltd and its subsidiaries. Mr Woo Khai San is the brother of Mr Woo Khai Chong.

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