plato

PLATO CAPITAL LIMITED

ANNUAL REPORT 2018

Content

Corporate Information

Directors

Lim Kian Onn	*Chairman/Non-Independent/Non-Executive Director*
Gareth Lim Tze Xiang	*Alternate Director to Lim Kian Onn/Chief Executive Officer*
Michael Kan Yuet Yun PBM	*Independent Director*
Chong Huai Seng	*Independent Director*
Oh Teik Khim	*Executive Director/Chief Operating Officer/Chief Financial Officer*

Secretary

Ngiam May Ling

Audit Committee

Michael Kan Yuet Yun PBM *(Chairman)*
Chong Huai Seng
Lim Kian Onn

Remuneration Committee

Chong Huai Seng *(Chairman)*
Michael Kan Yuet Yun PBM
Lim Kian Onn

Nominating Committee*

Chong Huai Seng *(Chairman)*
Michael Kan Yuet Yun PBM
Lim Kian Onn

Registered Office

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone : (65) 6536 5355
Facsimile : (65) 6536 1360

Business Office

Ground Floor, Bangunan ECM Libra
8 Jalan Damansara Endah, Damansara Heights
50490 Kuala Lumpur
Malaysia
Telephone : (603) 2092 2823
Facsimile : (603) 2092 2829

Share Registrar

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

Auditor

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-In-Charge
Low Yen Mei
(Date of appointment: since financial year ended 31 December 2018)

Company Sponsor

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

** The Nominating Committee has been constituted on 28 February 2019.*

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I present to you the Annual Report of Plato Capital Limited (the "**Company**") and its group of companies (the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**").

The Group registered a loss before tax of S$3.41 million for FY2018 as the Group's hotel development projects in Dublin, Ireland and Melbourne, Australia have yet to commence operations and the underperformance of the education portfolio outweighed the robust performance of the more mature assets within the investment portfolio.

Performance of the different segments within the Group is given as follows.

PERFORMANCE OF THE GROUP'S HOSPITALITY INVESTMENTS VIDE TP REAL ESTATE HOLDINGS PTE LTD ("TPRE") AND MONTECO HOLDINGS LIMITED ("MONTECO")

The hospitality group, with Tune KLIA2 being the main operating unit held by TPRE, continued its strong performance despite a significant increase in room inventory within the vicinity of KLIA2 and the absence of Formula 1 sporting event in the second half of the year. The hotel did benefit from an enhanced ancillary and F&B offering (after the refurbishment exercise in 2017/2018 to the lobby, restaurant, courtyard and garden premium rooms) which helped close the year with a net profit of approximately S$3.2 million.

With respect to the Ormond Hotel in Dublin, Ireland, the property's opening date is being postponed, with Management working closely with its consultant team to establish a revised development timeline to minimize the delay to the start of operations.

As regards TPRE group's investment on Flinders Lane in Melbourne Australia, the Group obtained a planning permit in February 2019 to develop a hospitality asset on the site.

More broadly, the Group is in the process of consolidating its hotel operations and brands under the Ormond Group umbrella and will be launching new hospitality brands under this banner.

PERFORMANCE OF THE GROUP'S INVESTMENT IN THE EDUCATION SECTOR VIDE EDUC8 GROUP SDN BHD ("EDUC8")

EDUC8's subsidiary Epsom College in Malaysia ("**Epsom**") commenced its fourth year of operations in FY2018, with the Group's share of loss from EDUC8 in FY2018 amounting to S$1.22 million.

The Group remains focused on improving the performance of Epsom with an emphasis on enhancing the curriculum offering, while continuously improving operating costs. Despite a decline in student numbers at the end of FY2018, Epsom has seen an increase in foreign student enrolment figures, especially from North Asia.

PERFORMANCE OF THE GROUP'S INVESTMENT IN THE MANUFACTURING SECTOR VIDE TYK CAPITAL SDN BHD ("TYKC")

The Group's share of profit from TYKC was S$0.06 million in FY2018. TYKC faced operational challenges in its Hard Disk Drive segment in 2018, which impacted the company's overall financial results for the year. The company is taking active steps to insulate itself more effectively from the volatility of the hard disk drive business, by exploring automation/robotics solutions to enhance its competitiveness in terms of quality and costing and widening its field of end-customers to new industries (e.g. automotive). At the same time, the company is also aiming to increase its focus on the non-hard disk drive segment, which is less volatile by nature. TYKC reported a net profit of S$0.23 million and a net cash position of S$13.79 million at the end of FY2018.

PERFORMANCE OF THE GROUP'S INFORMATION TECHNOLOGY ("IT") DIVISION

The IT division of the Group recorded an increase in revenue in FY2018 from S$0.88 million in FY2017 to S$1.19 million as a result of higher license fee revenue.

On behalf of the Board, I would like to thank our shareholders, partners, and clients for their continued support. Our appreciation is also extended to the management and employees for their invaluable commitment and contributions to the Group.

Lim Kian Onn
Chairman
Plato Capital Limited

Corporate Governance Report

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of Plato Capital Limited (the "**Company**" together with its subsidiaries, associated companies and joint ventures, (the "**Group**")) are committed to maintaining high standards of corporate governance and places 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 that were in place during the financial year ended 31 December 2018 ("**FY2018**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**").

Guideline	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? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and 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 FY2018.

<table>
<tr><th>Guideline</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>What is the role of the Board?</td><td>
The Board has four (4) members and comprises the following:
<table>
<tr><td colspan="5">Table 1.1 – Composition of the Board Committees</td></tr>
<tr><td colspan="2"></td><td colspan="3">• C – Chairman M – Member</td></tr>
<tr><th>Name of Director</th><th>Designation</th><th>Audit Committee[2]</th><th>Remuneration Committee[3]</th><th>Nominating Committee [4]</th></tr>
<tr><td>Lim Kian Onn[1]</td><td>Chairman/Non-Independent/ Non-Executive Director ("Chairman")</td><td>M</td><td>M</td><td>M</td></tr>
<tr><td>Michael Kan Yuet Yun PBM</td><td>Independent Director</td><td>C</td><td>M</td><td>M</td></tr>
<tr><td>Chong Huai Seng</td><td>Independent Director</td><td>M</td><td>C</td><td>C</td></tr>
<tr><td>Oh Teik Khim</td><td>Executive Director/Chief Operating Officer ("COO")/Chief Financial Officer ("CFO")</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Notes:
(1) Gareth Lim Tze Xiang, the Chief Executive Officer ("CEO") of the Company, is an Alternate Director to Lim Kian Onn.
(2) The Audit Committee ("AC") comprises three (3) members, the majority of whom, including the Chairman, is independent. All the members of the AC are Non-Executive Directors.
(3) The Remuneration Committee ("RC") comprises three (3) members, the majority of whom, including the Chairman, is independent. All the members of the RC are Non-Executive Directors.
(4) The Nominating Committee ("NC") has been constituted on 28 February 2019 and comprises three (3) members, the majority of whom, including the Chairman, is independent. All the members of the NC are Non-Executive Directors.

The Board is entrusted to lead and oversee the Group, with the fundamental principle to act in the best interests of the Group. In addition to its statutory duties, the Board's principal functions are, inter alia, as follows:

• Providing entrepreneurial leadership;
• Monitoring Management's performance;
• Establishing a framework for prudent, effective control and risk management;
• Safeguarding shareholders' interests and the Group's assets; and
• Responsible for the appointment and removal of the members of Board Committees.
</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>A Director's conduct in his dealings with the Company is primarily guided by the Companies Act, Chapter 50 of Singapore (the "Companies Act") and the Constitution of the Company (the "Constitution"), which contains provisions which aim to avoid situations in which his own personal or business interests, or the interests of someone else, directly or indirectly conflict, or appear to conflict, with the interests of the Company. Notwithstanding that a Director may contract with the Company, he must immediately declare his interest at a meeting of directors or provide a written notice to the Company through the Company Secretary as soon as is practicable, and recuse himself from participating in discussions or in the decision-making process of the transaction. In addition, the interested Director shall not be counted towards a quorum of the Directors present at such a meeting.</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>The Board has delegated certain responsibilities to the AC, NC and RC (collectively, the "Board Committees").

The compositions of the Board Committees are set out in Table 1.1 of this report.</td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>The Board conducts regular scheduled meetings and/or as and when circumstances require.

In FY2018, the number of the Board and Board Committees meetings held and the attendance of each Board member are shown below:

<table>
<tr><th colspan="4">Table 1.4 – Board and Board Committee Meetings</th></tr>
<tr><td></td><td>Board</td><td>AC</td><td>RC</td></tr>
<tr><td>Number of meetings held</td><td>3</td><td>2</td><td>1</td></tr>
<tr><td>Name of Director</td><td colspan="3">Number of Meetings Attended</td></tr>
<tr><td>Lim Kian Onn
(Alternate Director:
Gareth Lim Tze Xiang)</td><td>3</td><td>2</td><td>1</td></tr>
<tr><td>Michael Kan Yuet Yun PBM</td><td>3</td><td>2</td><td>1</td></tr>
<tr><td>Chong Huai Seng</td><td>3</td><td>2</td><td>1</td></tr>
<tr><td>Oh Teik Khim</td><td>3</td><td>N/A</td><td>N/A</td></tr>
</table>

The NC was constituted on 28 February 2019. Hence no NC meeting was held in FY2018 .

The Constitution allows for meetings to be held through telephone and/or video-conference.</td></tr>
<tr><td>1.5</td><td>What are the types of material transactions which require approval from the Board?</td><td>The Board has ultimate oversight and approval rights for material transactions in the Company. The Board has not delegated approval authorisation for such transactions to any committee(s) due to the size of the Company and the business needs of the Group. Specifically, matters and transactions that require the Board's approval include all matters prescribed by law, amongst others, the following:

• Overall Group business and budget strategy;
• Capital expenditures;
• Material investments, acquisitions and/or disposals;
• Borrowings and financial commitments;
• All capital-related matters including capital issuance and redemption;
• Significant policies governing the operations of the Company;
• Corporate strategic development and restructuring;
• Material interested person transactions; and
• Risk management strategies.

To optimise operational efficiency and enhance transparency, the Board has approved the delegation of authority for the establishment and operation of bank accounts and funds disbursement to key management personnel, based on approved authority matrix.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td rowspan="2">1.6</td><td>(a) Are new Directors given formal training? If not, please explain why.</td><td>There was no appointment of new Directors during FY2018.

For future appointments, newly appointed Directors will be fully briefed on the business activities and organisational structure of the Group and its strategic plans and objectives. Each newly appointed Director will receive an induction covering the Group's business operations, policies and procedures as well as the statutory and regulatory obligations of being a Director to ensure that he/she has a proper understanding of the Group and is fully aware of his/her responsibilities and obligations of being a Director of the Company. In addition, the Company will also provide each newly appointed Director with a formal letter of appointment. Under the Rule 406(3)(a) of the Catalist Rules, with effect from 1 January 2019, a new Director who has no prior experience as a director of a company listed on the SGX-ST ("First-time Director") must undergo training in the roles and responsibilities of a director of a company listed on the SGX-ST as prescribed by the SGX-ST. First-time Director will be required to undertake the required training within one year from the date of his appointment to the Board.</td></tr>
<tr><td>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</td><td>The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve effectively on and contribute to the Board. The Board continually assesses the training requisites for Directors in line with the business demands of the Company and the marketplace and will establish specific policies for continuous professional development for Directors if the need arises.

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 during the term of their appointment. Professional development may relate to a particular subject area, committee membership, or key developments in the Group's environment, market or operations which may be provided by accredited training providers such as the Singapore Institute of Directors.

Directors are encouraged to consult the Chairman if they consider that they personally, or the Board as a whole, would benefit from specific education or training regarding matters that fall within the responsibility of the Board or relate to the Group's business. Such trainings costs are borne by the Company.

The table below shows the trainings registered for and/or attended by Directors in FY2018:

<table>
<tr><th colspan="3">Table 1.6 – Training Profiles of Directors</th></tr>
<tr><th>Name of Director</th><th>Course Attended</th><th>Training Provider</th></tr>
<tr><td>Michael Kan Yuet Yun PBM</td><td>ACRA: SGX – SID Audit Committee Seminar 2018</td><td>Singapore Institute of Directors</td></tr>
<tr><td>Chong Huai Seng</td><td>ACRA: SGX – SID Audit Committee Seminar 2018</td><td>Singapore Institute of Directors</td></tr>
<tr><td>Oh Teik Khim</td><td>ACRA: SGX – SID Audit Committee Seminar 2018</td><td>Singapore Institute of Directors</td></tr>
</table>

In addition, briefings and updates for the Directors in FY2018 include:

• The external auditor (the "EA") briefed the AC on new, changes or amendments to accounting standards; and
• The Company Secretary briefed the Board on changes in the Companies Act and notify/update the Board of new legislations, rules and regulations.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Board Composition and Guidance</td></tr>
<tr><td>2.1
2.2
3.3</td><td>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.</td><td>The Company is cognisant that due to the origin of the Company:

a) there is an immediate family member relationship between the Chairman/ Non-Independent/Non-Executive Director of the Board, Lim Kian Onn, and the CEO, Gareth Lim Tze Xiang who are immediate family members; and
b) the Chairman is not an Independent Director.

Notwithstanding the foregoing observations, the Board is of the view, taking into consideration the size of the Board, the past performance of the Directors, and the nature of the business of the Company, there are sufficient safeguards and checks in place against an imbalanced concentration of power and authority in them and there is presently no requirement for a Lead Independent Director as,

• There exists a clear division of responsibilities between the Board and the key employees responsible for managing the day-to-day affairs of the Company;

• Two (2) Independent Directors make up half of the Board (complying with Guideline 2.2 of the Code);

• All major decisions are made in consultation with the Board;

• The process of decision-making by the Board is independent and based on collective decisions without any individual or group of individuals exercising considerable concentration of power or influence; and

• Grievances of a shareholder may be directed to the Chairman of the AC.

Although the Board currently does not have a Lead Independent Director, the Independent Directors make up half of the Board. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision-making. The Independent Directors are and continue to be available to shareholders as a channel of communication between shareholders and the Board and/or Management. The Board will appoint a Lead Independent Director as and when deemed appropriate.</td></tr>
<tr><td>2.3
4.3</td><td>Has the independence of the Independent Directors been reviewed in the last financial year?</td><td>The Board takes into account the existence of relationships or circumstances, including those identified by the Code, that are relevant in its determination as to whether a Director is independent. In addition, the Board reviews the individual Independent Director's declaration in their assessment of independence.

The Board has reviewed and confirmed the independence of the Independent Directors in accordance with the Code. Michael Kan Yuet Yun PBM and Chong Huai Seng have confirmed that they do not have any relationship with the Company or its related companies or its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, in accordance with the Code. The Independent Directors confirm their independence in accordance with the Code on a yearly basis.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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 that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	There is no Director who is deemed independent by the Board notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Not applicable.
2.4	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.	Notwithstanding that both Michael Kan Yuet Yun PBM and Chong Huai Seng have served beyond nine (9) years since the date of their respective first appointments, the Board is of the view that Michael Kan Yuet Yun PBM and Chong Huai Seng are independent as they have: • contributed constructively throughout their respective terms on the Board; • sought clarification and amplification as they deemed necessary, including through direct access to key management personnel, Company Secretary, Internal Auditor ("**IA**") and EA; and • provided impartial advice and insights, and has exercised their independent judgement in doing so. The following assessments were conducted and deliberated by the Board before arriving at the conclusion: • Michael Kan Yuet Yun PBM's declaration and individual evaluation; • Chong Huai Seng's declaration and individual evaluation; and • performance assessment done by the other Directors. For the foregoing reasons, the Board concluded that it is confident that both Michael Kan Yuet Yun PBM and Chong Huai Seng have the ability to continue exercising strong independent judgment in the discharge of their duties and has requested that they both continue as Independent Directors of the Company for the ensuing year.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>2.5</td><td>What are the steps taken by the Board to progressively renew the Board composition?</td><td>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 necessary.

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 an annual basis to ensure that the Board dynamics remain optimal.</td></tr>
<tr><td rowspan="3">2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying Director nominees?</td><td>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.</td></tr>
<tr><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 2.6 – Balance and 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>75%</td></tr>
<tr><td>– Business Management</td><td>3</td><td>75%</td></tr>
<tr><td>– Relevant industry knowledge or experience</td><td>4</td><td>100%</td></tr>
<tr><td>– Strategic planning experience</td><td>4</td><td>100%</td></tr>
<tr><td>– Customer based experience or knowledge</td><td>4</td><td>100%</td></tr>
</table></td></tr>
<tr><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The Board has taken the following steps to maintain or enhance its balance and diversity:

• Annual review by the Board 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 Board 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>2.8</td><td>Have the Non-Executive Directors met in the absence of key management personnel in the last financial year?</td><td>The Non-Executive Directors are scheduled to meet regularly, or as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management.

The Non-Executive Directors met once in the absence of key management personnel in FY2018.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1	Are the duties between Chairman and CEO segregated?	The Chairman plays a vital role in setting up the Group's vision and objectives and providing guidance to the Group. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board's meeting agenda in consultation with the CEO and ensures the quality, quantity and timeliness of the flow of information between the Board and key management personnel to facilitate efficient decision making. The CEO is primarily responsible for overseeing the overall management and strategic development of the Group. His responsibilities include: • Determining and developing the Group's strategies; • Promoting high standards of corporate governance; • Executing the Group's strategies and business objectives; • Reporting to the Board on all aspects of the Group's operations and performance; and • Providing quality leadership and guidance to employees of the Group. Notwithstanding that the Chairman and CEO are father and son, the Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities and the strong independent element on the Board.
3.4	Have the Independent Directors met in the absence of key management personnel?	The Independent Directors met once in the absence of key management personnel in FY2018.
Board Membership		
4.1	What are the duties of the NC?	The NC will be guided by key terms of reference which include the following: (a) review, assess, make recommendations to the Board on appointment of Directors; (b) review Board structure, size and composition having regard to the scope and nature of the operations, the requirements of the business, the diversity of skills, experience, gender and knowledge of the Company and the core competencies of the Directors as a group; (c) make plans for succession, in particular for the Chairman of the Board and Chief Executive Officer and key management personnel; (d) determine, on an annual basis, and as and when circumstances require, if a Director is independent having regards to the circumstances set forth in Guideline 2.1 of the Code of Corporate Governance 2018; (e) recommend Directors who are retiring by rotation to be put forward for re-election; (f) ensure that new directors are aware of their duties and obligation and to recommend to the Board comprehensive induction training programmes for new Directors; and (g) review training and professional development programmes for the Board.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
4.4	(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 Board is of the view that the effectiveness of each of the Directors is best determined by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments, not guided by a numerical limit. The Board 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 Board does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.
	(c) What are the specific considerations in deciding on the capacity of Directors?	The considerations in assessing the capacity of Directors include the following: • 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; • Capacity, complexity and expectations of the other listed directorships and principal commitments held; and • Assessment of individual performance. * *Competing time commitments of the Directors comprise a consideration of (i) Declarations by individual Directors of their other listed company board directorships and principal commitments; (ii) Annual confirmations by each Director on his ability to devote sufficient time and attention to the Company's affairs, having regard to* ***Table 5.1*** *of this report.*
	(d) Have the Directors adequately discharged their duties?	The Board has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2018.
4.5	Are there Alternate Directors?	The Chairman has appointed the CEO as his alternate on the Board of Directors of the Company. The Board is of the view that the CEO is appropriately qualified to bear the duties and responsibilities for the role and has considerable familiarity with the Company's affairs. The Alternate Director bears all the duties and responsibilities of a Director.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>4.6</td><td>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>
The Board assesses and evaluates whether new Directors and/or retiring Directors to be re-appointed are properly qualified for appointment by virtue of their skills, experience and contributions, in line with the following processes:
<table>
<tr><th colspan="3">Table 4.6(a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>• The Board would identify the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>• The Board would consider 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>Assessment of shortlisted candidates</td><td>• The Board would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of Director</td><td>• The Board considers and approves the selected candidate for his/her appointment to the Board.</td></tr>
</table>
<table>
<tr><th colspan="3">Table 4.6(b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of Director</td><td>• The Board assesses the performance of the Director in accordance with the performance criteria set by the Board; and
• The Board considers the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of Director</td><td>• Subject to the Board's satisfactory assessment and consideration, the Board would approve the proposed re-appointment of the Director.</td></tr>
</table>
All existing Directors are subject to retirement according to the provisions of Article 107 of the Constitution ("Article 107"). Article 107 states that at each Annual General Meeting ("AGM"), one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third, shall retire from office provided always that all Directors shall retire from office at least once every three years. In the case of the Company, there are four Directors thus the number of Directors to be retired based on the number nearest to but not less than one-third shall be two Directors. A retiring Director is eligible for re-election by shareholders at the AGM.
Pursuant to Article 107 and premised on the considerations of the Directors' overall contributions and performance, the Board recommended that two Directors, namely Chong Huai Seng and Oh Teik Khim be retired and nominated for re-election at the forthcoming AGM.
Chong Huai Seng will, upon being re-election as a Director of the Company, remain as an Independent Director, Chairman of the NC and RC, and a member of the AC. The Board considers Chong Huai Seng to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Oh Teik Khim will, upon re-election as a Director of the Company, remain as an Executive Director.
</td></tr>
<tr><td>4.7</td><td>Please provide Directors' key information.</td><td>The key information of the Directors, including their principal commitment(s), appointment dates and current directorships and that held in the past three (3) years in other companies, are set out on page 33 and pages 124 to 129 of this Annual Report.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Board Performance</td></tr>
<tr><td>5.1
5.2
5.3</td><td>What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board?</td><td>The performance of the Directors is formally evaluated on an annual basis. The evaluation is undertaken on the basis that there is a structured approach to assessing how the directors have individually performed in his role and overall how he/they have contributed and added value to the Company achieving its objective for the year.

Table 5.1 below sets out the performance criteria, as approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole. The evaluations are designed to assess the Board's effectiveness to enable the Board to identify the areas of improvement or enhancement which can be made to the Board.

Table 5.1 – Performance Criteria for Board Evaluation
1. Size and composition
2. Access to information
3. Board processes
4. Strategic planning
5. Board accountability
6. Risk management
7. Succession planning

Given the relatively small size of the Board, the Board is of the view that there is no need at present to conduct a formal assessment of the Board Committees and contribution of each individual Director to the effectiveness of the Board.

The Board would review the criteria on a periodic basis 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. The Board has recently constituted the NC on 28 February 2019 and the NC will be reviewing the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director to the effectiveness of the Board.

The Board did not propose any changes to the performance criteria for FY2018 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same since FY2017.

No external facilitator was used in the evaluation process.</td></tr>
<tr><td></td><td>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>The review of the performance of the Board was conducted by the Board.

For FY2018, the review process was as follows:

1. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board based on criteria disclosed in Table 5.1 above;
2. The Company Secretary collated and submitted the questionnaire results to the Board Chairman in the form of a summary; and
3. The Board discussed the summary and concluded the performance results during the Board meeting.</td></tr>
<tr><td></td><td>(b) Has the Board met its performance objectives?</td><td>Yes, the Board has met its performance objectives.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Access to Information</td></tr>
<tr><td>6.1
10.3</td><td>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>All Directors have access to the key management of the Company if they seek information on its business affairs and shall be provided with such information if requested to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.
<table>
<tr><th colspan="3">Table 6.1 – Types of Information provided by Key Management Personnel to Independent Directors</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>At least 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>At least half yearly</td></tr>
<tr><td>3.</td><td>Budgets and/or forecasts (with variance analysis), Management accounts (with financial ratios analysis), and EA's report(s)</td><td>Management accounts – at least half yearly

Others – annually</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>As and when required</td></tr>
<tr><td>5.</td><td>Shareholding statistics</td><td>As and when required</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 for the Board meetings at least three (3) days prior to the meetings to allow sufficient time for the Directors' review.

Management will also, on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.

The Board is satisfied with its access to information and information that is provided is complete, adequate and timely.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3	What is the role of the Company Secretary?	The roles of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, are as follows: • Ensure that Board procedures are observed and that the Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Companies Act, the Catalist Rules and the Code, are complied with; • Assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value; • Assist the Chairman to ensure good information flows within the Board and Board Committees and key management personnel; • Keep the Board apprised of new legislation, rules and regulations; • Training, designing and implementing a framework for key management personnel's compliance with the Catalist Rules, including timely disclosure of material information; • Attend and prepare the minutes for all Board and Board Committee meetings; • As secretary to all the other Board Committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board Committees and key management personnel; and • Assist the Chairman, the Chairman of each Board Committee and key management personnel in the development of the agendas for the various Board and Board Committee meetings. To undertake these roles effectively, the Directors have separate and independent access to the Company Secretary. If required, the Directors (individual or collectively) are able to obtain independent professional advice in relation to the Company's affairs at the Company's expenses.
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1	What is the role of the RC?	The RC is guided by key terms of reference as follows: (a) Reviews and recommends to the Board a framework of remuneration for the Board and key management personnel to ensure that the structure is competitive and sufficient to attract, retain and motivate senior management to run the Company successfully in order to maximise shareholder value; and (b) Reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel. The RC members are familiar with executive compensation matters as they manage their own businesses and/or are holding directorships in the boards of other listed companies. In addition, the members of the RC do not participate in any decisions concerning their own remuneration.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Company in FY2018 as the Company is of the view that the annual review by the RC, is currently sufficient to ensure the continued relevance of its remuneration packages to the Group's strategic business objectives and alignment with market practices. Nevertheless, the RC may have access to appropriate external expert advice in the field of executive compensation, if necessary, and may obtain advice from external consultants for benchmarking, where necessary.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td colspan="3">Level and Mix of Remuneration</td></tr>
<tr><td>8.4</td><td>Are "claw-back" provisions provided for in the service agreements of Executive Directors and key management personnel?</td><td>The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director, CEO (being an Alternate Director to the Chairman) and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses and share-based incentives and awards based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the current results and performance of its Executive Director, CEO and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.</td></tr>
<tr><td colspan="3">Disclosure on Remuneration</td></tr>
<tr><td>9</td><td>What is the Company's remuneration policy?</td><td>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 the link that total compensation has to the achievement of organisational and individual performance objectives, and benchmarked against relevant and comparative compensation in the market.</td></tr>
<tr><td>9.1
9.2</td><td>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?</td><td>The breakdown for the remuneration of the Directors and the CEO for FY2018 is as follows:

I. Fixed/Variable Remuneration

<table>
<tr><th colspan="6">Table 9.1 – Directors' Remuneration</th></tr>
<tr><th rowspan="2">Name</th><th colspan="5">Cash-based remuneration(2)</th></tr>
<tr><th>Salary (%)</th><th>Bonus (%)</th><th>Directors Fees (%)</th><th>Benefits-in-kind (%)</th><th>Total(2) (%)</th></tr>
<tr><td>Lim Kian Onn</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
<tr><td>Gareth Lim Tze Xiang(1) (CEO and Alternate Director to Lim Kian Onn)</td><td>100</td><td>-</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td>Michael Kan Yuet Yun PBM</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
<tr><td>Chong Huai Seng</td><td>-</td><td>-</td><td>100</td><td>-</td><td>100</td></tr>
<tr><td>Oh Teik Khim</td><td>76</td><td>11</td><td>12</td><td>1</td><td>100</td></tr>
</table>

Notes:
1 Gareth Lim is the son of Lim Kian Onn.
2 In FY2018, no share options and/or share awards were granted under the respective schemes to the Directors.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		II. Share based Incentives and Awards The Company has also established incentive schemes, namely the Plato ESOS 2016 (as defined in **Section 9.5** of this report) and Plato PSP 2016 (as defined in **Section 9.5** of this report) (collectively, the "**Schemes**") to remunerate Directors, the CEO and the key management personnel for their contributions to the Company. The details of the Schemes and details on the grant of stock options and share awards under the respective Schemes to Directors and the CEO since FY2016 can be found in **Section 9.5** of this report. The final number of shares released under the Plato PSP 2016 will depend on the achievement of pre-determined performance conditions as determined by the RC. **III. Directors' Fees** It was proposed to the shareholders of the Company that the Board be compensated for their services as Directors of the Company in FY2018 with a fee in the aggregate amount of S$178,000. The remuneration of the Directors and the CEO individually for FY2018 was less than S$250,000. A disclosure of the individual remuneration details would involve revealing internal confidential information and possibly, trade secrets of the Company. Therefore, after reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the foregoing reasons. There are no termination, retirement or post-employment benefits that may be granted to the Directors, the CEO and the three key management personnel listed below.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company’s Compliance or Explanation</th></tr>
<tr><td rowspan="2">9.3</td><td>(a) 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>The Company has only three (3) key management personnel.

The breakdown for the remuneration of the Company’s key management personnel (who are not Directors or the CEO) for FY2018 is as follows:

<table>
<tr><th colspan="6">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th rowspan="2">Name</th><th colspan="5">Cash-based remuneration[2]</th></tr>
<tr><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits-in-kind (%)</th><th>Others[1] (%)</th><th>Total[2] (%)</th></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Choo Seng Lai</td><td>58</td><td>-</td><td>-</td><td>42</td><td>100</td></tr>
<tr><td>Lim Kian Fah</td><td>85</td><td>15</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td>Philippe Staatz</td><td>88</td><td>12</td><td>-</td><td>-</td><td>100</td></tr>
</table>

Notes:
1 Comprise of sales commissions.
2 In FY2018, no share options and/or share awards were granted under the respective schemes to the key managment personnel.

The Company has also granted options and awards pursuant to the respective Schemes to key management personnel since FY2016, details of which can be found in Section 9.5 of this report. The final number of shares released under the Plato PSP 2016 will depend on the achievement of pre-determined performance conditions as determined by the RC.</td></tr>
<tr><td>(b) 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 three key management personnel for FY2018 was S$470,459.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 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 for the CEO and Lim Kian Fah who is the son of and sister of the Chairman respectively, there is no other employee of the Group who is an immediate family of a Director or the CEO and whose remuneration exceeded S$50,000 in FY2018.

The CEO’s and Lim Kian Fah’s cash-based remuneration in FY2018 was within the bands of S$200,000 to S$250,000 and S$100,000 to S$200,000 respectively.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.5	Please provide details of the employee share scheme(s).	The Company had adopted the Plato Employee Share Option Scheme 2016 ("**Plato ESOS 2016**") and the Plato Performance Share Plan 2016 ("**Plato PSP 2016**") following the approval of the shareholders at an Extraordinary General Meeting ("**EGM**") on 20 May 2016. The RC, comprising Michael Kan Yuet Yun PBM, Chong Huai Seng and Lim Kian Onn, has been duly authorised by the Board to administer the Plato ESOS 2016 and the Plato PSP 2016. The duration of each of the Plato ESOS 2016 and Plato PSP 2016 is 5 years commencing 20 May 2016, which may continue beyond the period above with the approval of the shareholders at a general meeting by way of ordinary resolution and the relevant authorities. Employees, Group Executive Directors and Group Non-Executive Directors (including Independent Directors) who have attained the age of 21 years on or before the date of grant of an option under the Plato ESOS 2016 ("**Option**") and/or awards under the Plato PSP 2016 ("**Awards**"), provided that none of them is a discharged bankrupt and must not have entered into a composition with creditors, and controlling shareholders or associates of controlling shareholders who meet the aforesaid criteria but are subject to shareholders' approval based on the rules of the Plato ESOS 2016 and/or the Plato PSP 2016, are eligible to participate in the Plato ESOS 2016 and/or the Plato PSP 2016. The aggregate number of shares in the capital of the Company ("**Shares**") which may be issued or transferred pursuant to any options and/or awards granted, when added to (i) the number of Shares issued and issuable and/or transferred or transferable in respect of all options and/or awards granted; and (ii) all Shares issued and issuable and/or transferred or transferable in respect of all options and/or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, including the Options granted under the Plato ESOS 2016 and/or the Awards under the Plato PSP 2016, shall not exceed 15% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company on the date preceding the grant of the Awards or Options. Further details on the Plato ESOS 2016 and Plato PSP 2016 can be found in the circular to shareholders dated 5 May 2016. Details on the Options and Awards granted are as set out below: **Plato ESOS 2016** The Plato ESOS 2016 is to provide an opportunity for Directors (including Non-Executive Directors and Independent Directors) and employees of the Group to participate in the equity performance of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to those who have contributed significantly to the growth and performance of the Group.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		As at 31 December 2018, details of the Options granted under the Plato ESOS 2016 on the unissued ordinary shares of the Company are as follows:

Table 9.5(a) – Movement of Plato ESOS 2016

Date of Grant of Options	Exercise Price of Options	Options Outstanding as at 1 Jan 2018	Options Granted during FY2018	Options Exercised during FY2018	Options Forfeited/ Expired during FY2018	Options Outstanding as at 31 Dec 2018	Number of Option Holders as at 31 Dec 2018	Validity Period of the Options
17 June 2016[1]	S$0.10[2]	5,377,168	-	-	-	5,377,168	4	17 June 2016 to 16 June 2026
17 June 2016[1], [3]	S$0.10[2]	3,860,531	-	-	-	3,860,531	3	17 June 2016 to 16 June 2021
Total		**9,237,699**	-	-	-	**9,237,699**	**7**	

Notes:

1 The Options are only exercisable as follows:

a. 1/3 of the Options shall be exercisable at any time after the 1st anniversary of the date of grant.
b. 1/3 of the Options shall be exercisable at any time after the 2nd anniversary of the date of grant; and
c. 1/3 of the Options shall be exercisable at any time after the 3rd anniversary of the date of grant.

2 Equivalent to the market price of the Company's shares based on the average last dealt price for the Company's Shares on the Catalist of the Singapore Exchange Securities Trading Limited, for the five (5) consecutive trading days immediately preceding the date of grant of the Options.

3 The Options granted to Lim Kian Onn, Michael Kan Yuet Yun PBM and Chong Huai Seng will expire five (5) years from the date of grant.

Details of Options granted under the Plato ESOS 2016 to Directors, controlling shareholders and their associates, and participants who have received 5% or more of the total Options and Awards available under the Schemes are as follows:

Table 9.5(b) – Details of Plato ESOS 2016

Name	Position Held	Options granted during FY2018	Aggregate Options granted since commencement of Plato ESOS 2016 to 31 December 2018	Aggregate options exercised since commencement of Plato ESOS 2016 to 31 December 2018	Aggregate options outstanding as at 31 December 2018
Lim Kian Onn[1]	Chairman/Non-Independent/Non-Executive Director	Nil	1,378,761	Nil	1,378,761
Gareth Lim Tze Xiang[1]	CEO/Alternate Director to Lim Kian Onn	Nil	1,378,761	Nil	1,378,761
Michael Kan Yuet Yun PBM	Independent Director	Nil	1,240,885	Nil	1,240,885
Chong Huai Seng	Independent Director	Nil	1,240,885	Nil	1,240,885
Oh Teik Khim	Executive Director/COO/ CFO	Nil	1,378,761	Nil	1,378,761
Lim Kian Fah[1]	Director of Legal /associate of controlling shareholder	Nil	1,378,761	Nil	1,378,761
Choo Seng Lai[2]	Head of Business Enterprise Division, Plato Solutions Sdn Bhd	Nil	1,240,885	Nil	1,240,885

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Notes: 1 Lim Kian Onn is the controlling shareholder of the Company. His son, Gareth Lim Tze Xiang and his sister, Lim Kian Fah are therefore associates of Lim Kian Onn. Each of their participation in the Plato ESOS 2016 and grant of Options as set out in the table, had been approved by shareholders at the EGM held on 20 May 2016. 2 Participant other than Directors, controlling shareholders and their associates who have received 5% or more of the total Options and Awards available under the Schemes. Other than Options granted above, there were no participants of the Group who have been granted more than 5% of the total options available under Plato ESOS 2016. **Plato PSP 2016** The objectives of the PSP are to (i) foster a culture of ownership within the Group which aligns the interests of the employees and Group Executive Directors and Group Non-Executive Directors with the interests of shareholders; (ii) motivate participants to achieve key financial and operational goals of the Group and/or its respective business units and encourage greater dedication and loyalty to the Group; and (iii) make total employee, Group Executive Directors and Group Non-Executive Directors' remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long term growth and profitability of the Group. As at 31 December 2018, details of the Awards granted under the Plato PSP 2016 on the unissued ordinary shares of the Company are as follows:

Table 9.5(c) – Movement of Plato PSP 2016

Date of Grant of Awards	Number of Shares which are the subject of Awards granted as at 1 Jan 2018	Number of Shares which are the subject of Awards granted during FY2018	Number of Shares which are the subject of Awards which had lapsed/were cancelled during FY2018	Number of Shares which are the subject of Awards granted as at 31 Dec 2018	Number of holders
17 June 2016[1]	4,618,853	-	-	4,618,853	7

Note:

1 The release and vesting of the Awards for each recipient is as follows:

a. 1/3 within three (3) months after the issuance of the Group's audited financial statements for financial year ended ("**FYE**") 31 December 2017;
b. 1/3 within three (3) months after the issuance of the Group's audited financial statements for FYE 31 December 2018; and
c. 1/3 within three (3) months after the issuance of the Group's audited financial statements for FYE 31 December 2019.

Shares comprised under the Awards will be allotted and issued or transferred to a recipient if certain predetermined performance conditions as determined by the RC are achieved or otherwise in accordance with the rules of the Plato PSP 2016.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Details of Awards granted under the Plato PSP 2016 to Directors, controlling shareholders and their associates, and participants who have received 5% or more of the total Options and Awards available under the Schemes are as follows:

Table 9.5(d) – Details of Plato PSP 2016

Name of Participant	Position held	Awards granted during FY2018	Aggregate Awards granted since commencement of PSP to 31 December 2018	Aggregate Awards released since commencement of PSP to 31 December 2018	Aggregate Awards outstanding as at 31 December 2018
Lim Kian Onn(1)	Chairman/Non-Independent/Non-Executive Director	-	689,381	-	689,381
Gareth Lim Tze Xiang(1)	CEO/Alternate Director to Lim Kian Onn	-	689,381	-	689,381
Michael Kan Yuet Yun PBM	Independent Director	-	620,443	-	620,443
Chong Huai Seng	Independent Director	-	620,443	-	620,443
Oh Teik Khim	Executive Director/ COO/CFO	-	689,381	-	689,381
Lim Kian Fah(1)	Director of Legal /associate of controlling shareholder	-	689,381	-	689,381
Choo Seng Lai(2)	Head of Business Enterprise Division, Plato Solutions Sdn Bhd	-	620,443	-	620,443

Notes:

1 Lim Kian Onn is the controlling shareholder of the Company. His son, Gareth Lim Tze Xiang and his sister, Lim Kian Fah are therefore associates of Lim Kian Onn. Their participation in the Plato PSP 2016 and grant of Awards as set out in the table, had been approved by shareholders at the EGM held on 20 May 2016.

2 Participant other than Directors, controlling shareholders and their associates who have received 5% or more of the total Options and Awards available under the Scheme.

Other than Awards granted above, there were no participants of the Group who have been granted more than 5% of the total Awards available under Plato PSP 2016.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
9.6	(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 takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2018. Their remuneration were made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowances. The variable compensation is determined based on the level of achievement of individual performance objectives. Since FY2016, the Company has adopted Plato ESOS 2016 and Plato PSP 2016, details of which can be found in **Section 9.5** of this report.
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	The following performance conditions are used by the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders: ***Table 9.6 – Performance Conditions for Short-term Incentives (such as performance bonus) and Long-term Incentives (Plato ESOS 2016 and Plato PSP 2016)*** 1. Leadership 2. People development 3. Commitment 4. Teamwork
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY2018.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
11.3	(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 Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board also oversees Management in the design, implementation and monitoring of the risk management and internal control systems and is responsible for determining the Company's risk policies and levels of risk tolerance. The Board works closely with the CEO and key management personnel to assess the adequacy and effectiveness of the framework and the need for any extension or adjustments to such structure taking into consideration the overall business of the Company including the risk profile, risk tolerance and risk strategy. The CEO meets with key management personnel on a monthly basis to discuss operational, business and strategic matters. During these meetings, key projects and operational risks are identified and discussed, along with proposed mitigating measures to address these risks to ensure residual risks are mitigated to an acceptable level. Follow-ups are then performed in subsequent meetings to ensure mitigating actions are executed. Any significant issues identified from these meetings are brought to the attention of the AC and/or Board as appropriate. 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. 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. The Board and the AC are of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address the financial, operational, and compliance risks which the Company considered relevant and material for its business and environment in FY2018. The bases for the Board's view are as follows: 1. Assurance has been received from the CEO and CFO (refer to **Section 11.3(b)** below); 2. Key management personnel regularly evaluates, monitors and reports to the AC on material risks; and 3. Discussions were held between the AC and EA and IA respectively in the absence of the key management personnel to review and address any potential concerns. The Company acknowledges that it is important to have sustainability and will implement appropriate policies and programmes in line with the requirements of SGX and good practice.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(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 assurance from the CEO and CFO in respect of FY2018. The Board has additionally relied on its interaction with the EA to verify the assurances provided by the CEO and CFO in its meeting in the absence of Management.
Audit Committee		
12.1 12.4	What is the composition and the role of the AC?	The AC comprises three members, the majority of whom, including the Chairman, is independent. All the members of the AC are Non-Executive Directors. None of the AC members was previous partners or directors of the Company's external audit firm within the last twelve months and none of the AC members holds any financial interest in the EA's firm. The AC is guided by the following key terms of reference: (a) reviews the audit plans and reports of the Company's IA and EA; (b) reviews the financial statements before submission to the Board for approval; (c) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and of the Company and any announcements relating to the Company's financial performance; (d) reviews and report to the Board at least annually on the effectiveness and adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls; (e) reviews the interested person transactions (within the definition of the Catalist Rules) involving the Group in accordance with the Catalist Rules; and (f) generally undertakes such other functions and other duties as may be required by the Catalist Rules.
12.2	Are the members of the AC appropriately qualified to discharge their responsibilities?	Yes. The Board considers Michael Kan Yuet Yun PBM, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. The other AC members are also trained in accounting and financial management and/or possess finance related working experiences.
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC had met with the EA in the absence of key management personnel in FY2018.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.6	Has the AC reviewed the independence of the EA?	The AC reviewed and is satisfied with the independence and objectivity of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	The fees paid/payable by the Company to the EA for audit and non-audit services for FY2018 amount to S$158,480 and S$3,120 respectively.
	(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.	There were no substantial volume of non-audit services rendered in respect of FY2018.
12.7	Does the Company have a whistle-blowing policy?	Yes. The AC has put in place a whistle-blowing policy that serves to provide a channel to employees to report in good faith and in confidence, without fear of reprisals and concerns about any improper conduct within the Group. In relation to whistle blowing by anyone else other than employees, the whistle blower may report any impropriety and/or concern in writing to the Company Secretary at the registered address of the Company. The Company Secretary has been tasked to forward any such report to the Chairman of the AC.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	In FY2018, the AC: • Has registered for and/or attended courses as disclosed in **Table 1.6** of this report; and • Was kept abreast by the EA of changes to accounting standards and issues which have impact on financial statements.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Board is of the view that the current size and scope of the Group's operations do not warrant having a separate internal audit function. In the absence of a separate function, the AC works closely with the CEO and the CFO to maintain the system of controls which includes internal audit oversight. This includes appointing a qualified firm to undertake an internal audit on a case to case basis, on all or parts of the business of the Company. For the current financial year ending 31 December 2019, the Group has appointed Crowe Governance Sdn Bhd ("**Crowe**") for its internal audits. Crowe has presented the internal audit plan to the AC and shall report directly to the AC. The AC reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit which includes follow up audits to check that past audit findings have been acted on by Management to rectify any internal control weaknesses highlighted ("**Follow Up Audits**"). Crowe has completed the Follow Up Audits and there were no material weaknesses in internal controls reported by Crowe. The AC is satisfied that Crowe is independent, effective and adequately qualified and resourced. As part of the annual statutory audit of the financial statements, the external auditors also reports to the AC where there are any material weaknesses in the Group's internal controls and provide recommendation on other significant matters such as risk management which have come to their attention during the course of the audit. There were no material weaknesses in the Group's internal controls reported by the external auditors.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights		
14.2	Are shareholders informed of the rules, including voting procedures that govern general meetings of shareholders?	Shareholders are entitled to attend the general meetings of shareholders and are afforded the opportunity to participate effectively in and vote at general meetings of shareholders. 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.
14.3	Are corporations which provide nominee or custodial services allowed to appoint more than two proxies?	Shareholders can vote in person or appoint not more than two (2) proxies to attend, speak and vote on their behalf at general meetings of shareholders, with the exception that shareholders such as nominee companies, which provide custodial services for securities, are able to appoint more than two (2) proxies to attend, speak and vote at general meetings notwithstanding the Company's Constitution does not differentiate between the number of proxies which may be appointed by individual shareholders and by nominee companies.
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	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.
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	In line with the continuous disclosure obligations under the relevant rules, the Board informs shareholders promptly of all major developments that may have a material impact on the Group. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. Information is disseminated to shareholders and investors on a timely basis through: a. SGXNET announcements; b. Annual Reports and Notices of AGM issued to all shareholders; and c. The Company's AGMs. In addition, if the need arises, the Company may organise media/analyst briefings to enable a better appreciation of the Group's performance and developments, which will also act as platforms to solicit and understand the views of shareholders and investors. The Company's CEO and COO are responsible for the Company's communication with shareholders and serve as the dedicated contact point for investor relations.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the Annual Report?	Apart from the SGXNET announcements and its Annual Report, the Company may, if it considers necessary and appropriate, release press releases or organise media/ analyst briefings to keep shareholders informed of corporate developments.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	The Company currently does not have a formal dividend policy. Generally, the Board looks into factors such as the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors before determining whether any dividend is to be declared and/or paid. The Company notes that under the paragraph 12 of Appendix 7C of the Catalist Rules, with effect from 1 January 2019, if no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision would have to be provided in the relevant quarterly financial statements.
	Is the Company is paying dividends for the financial year? If not, please explain why.	The Board has not declared or recommended any dividends for FY2018 as the Group intends to conserve cash for future investments. The Board made this decision with the aim of balancing returns to shareholders with investment to support future growth while at the same time preserving a strong capital base. The turnaround of the profitability of the Group is at a relatively early stage and a number of economic and regulatory uncertainties remain. Therefore, until there is stability in its profitability and sustainability in its financial returns, the Board will keep the matter under close review.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Constitution does not allow for absentia voting at general meetings of shareholders as authentication of shareholder identity information and other related security issues continue to be a concern. The Company requests the following person to be present at all general meetings of the shareholders unless there are exigencies: • all Directors; • respective Chairman of the Board Committees; and • the EA, whose presence is to address shareholders' queries about the conduct of audit and the preparation and content of the Independent Auditor's Report. Voting by shareholders at general meetings of shareholders shall be by poll and their detailed results will be announced via SGXNET after the conclusion of the general meeting. The Board has taken into consideration the factors encouraging electronic poll voting. After consideration, it has decided that the scale of the voting taking place at general meetings does not warrant the implementation of an electronic system. Minutes for general meetings (including questions raised by shareholders in relation to the meeting agenda and the responses from, *inter alia*, the Board and/or Management) are prepared at the conclusion of each meeting. A copy of the minutes will be made available to a shareholder upon request in writing. The minutes shall be sent to the shareholders last known address within 14 days of the Company's receipt of their request.

Catalist Rule	Rule Description	Company's Compliance or Explanation
COMPLIANCE WITH APPLICABLE CATALIST RULES		
711A, 711B	Sustainability Report	The Company is working towards the issuance of its sustainability report by 31 May 2019 and such report will be made available to shareholders on the SGXNET and the Company's website **www.platocapital.com**.
712, 715 or 716	Appointment of Auditors	The Group has complied with Catalist Rules 712 and 715 in relation to the appointment of its external auditors.
1204(8)	Material Contracts	The following material contract was entered into by the Company (involving the interest of the CEO, any Director, or controlling shareholder) and was still subsisting as at 31 December 2018. **RCULS Subscription Agreement** On 27 May 2016, the Company had issued to Lim Kian Onn, a Director and controlling shareholder of the Company ("**LKO**") 0.5% redeemable convertible unsecured loan stocks due 2021 ("**RCULS**"), each with a principal amount of S$100,000 and amounting in aggregate to a principal amount of S$10,000,000 in accordance with the terms and conditions of the RCULS Subscription Agreement dated 19 April 2016 and Supplemental Agreement dated 29 April 2016, both between the Company and LKO ("**RCULS Subscription Agreement**"). <u>RCULS</u> • The RCULS may be converted into, validly allotted and issued, fully-paid and unencumbered ordinary shares in the share capital of the Company, at the option of LKO, at any time, from and including the respective dates on which they are issued and registered in accordance with the RCULS Subscription Agreement up to the close of business on the day falling one month prior to the Maturity Date ("**Conversion Period**"). "Maturity Date" means 60 months from the date of issue of the RCULS. • The RCULS bears interest at the rate of 0.5% per annum on the principal amount of the RCULS ("**Interest**"). Interest shall accrue on a daily basis (without compounding) and is payable on the Maturity Date. Each RCULS shall cease to bear Interest (a) on conversion into Shares (without prejudice to Interest accrued prior to the conversion date), or (b) from the due date for redemption hereof. • The Interest may, at the discretion of LKO, be satisfied fully either in (i) cash or (ii) through the issue and allotment of Shares ("**Interest Shares**") by the Company. • If LKO elects to receive cash in satisfaction of the Interest, the Interest (including interest on converted and unconverted RCULS) shall only be payable on the Maturity Date. • If LKO elects to receive Shares in lieu of cash in satisfaction of the Interest accrued on any RCULS (i) in the case of any RCULS which is to be converted prior to the Maturity Date, such election must be notified to the Company in a conversion notice and (ii) in all other cases, such election shall be notified to the Company by no later than the expiry of the Conversion Period. • The price at which each Share shall be issued upon conversion of the RCULS or the Interest is S$0.13 ("**Conversion Price**"). The Conversion Price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the RCULS. • The number of Shares to which LKO is entitled on conversion of any RCULS ("**Conversion Shares**") or Interest shall be determined by dividing the aggregate principal amount of the RCULS or Interest (as the case may be) to be converted by the Conversion Price.

Catalist Rule	Rule Description	Company's Compliance or Explanation
		Further details of the RCULS issued to LKO can be found in the circular to shareholders dated 5 May 2016. LKO has elected to convert 38 RCULS valued at S$3,800,000 and accrued interest of S$2,499 into Shares. An aggregate of 29,249,989 new Shares have been allocated and issued pursuant to this conversion of RCULS on 15 July 2016. Following the conversion, there are 62 RCULS outstanding, convertible into 47,692,307 Shares as at 31 December 2018.
1204(10)	Confirmation of adequacy and effectiveness of internal controls	Both the Board and AC are of the opinion that the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks and risk management systems which the Group considers relevant and material to its operations based on the following: • internal controls and the risk management system established by the Company; • work performed by the EA and the IA: • assurance from the CEO and CFO; and • reviews done by the various Board Committees and key management personnel. Both the Board and the AC did not identify any material weaknesses in the Group's internal controls in FY2018. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.
1204(17)	Interested Persons Transaction ("**IPT**")	The Group does not have a general mandate for recurrent interested person transactions. On 16 May 2018, the Group announced its joint venture with ECM Libra Financial Group Berhad in Tune Plato Ventures Sdn Bhd with a total investment of RM7million (SGD2.4million). The joint venture investment is conducted pursuant to Catalist Rule 916(2). Save for the above, there were no other interested person transactions of S$100,000 or more entered into during FY2018.
1204(19)	Dealing in Securities	The Company has adopted and implemented an Internal Code of Conduct on Dealing in Securities which prohibits dealings in the Company's securities by Directors and Officers while in possession of price-sensitive information. The Company, its Directors and Officers are prohibited from dealing in the Company's shares during one month prior to the announcement of half and full year results. The Directors and Officers are discouraged from dealing in the Company's securities on short-term considerations. Directors and Officers are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. The implications of insider trading are clearly set out in the procedures and guidelines.
1204(21)	Non-sponsor fees	For FY2018, the Company paid its sponsor, PrimePartners Corporate Finance Pte. Ltd. non-sponsor fees of S$50,000.
1204(22)	Use of RCULS Proceeds	All RCULS proceeds have been fully utilized during the FYE 31 December 2017. There was nil balance of RCULS proceeds for FY2018.

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Profile of Board of Directors

MICHAEL KAN YUET YUN PBM
Independent Director
Appointed on 29 November 2002, last re-appointed on 12 April 2018; Age 79

Mr Michael Kan Yuet Yun was the Finance Director of BAT (Singapore) Ltd and Singapore Tobacco Co (Private) Ltd ("**BAT group**") from 1969 to 1999. Prior to joining the BAT group, Mr Kan was a practising accountant with Peat Marwick Mitchell & Company (now KPMG) in Singapore from 1967. Mr Kan had been an independent director of Singapore Exchange-listed Vibropower Corporation Ltd and OSIM International Ltd before he resigned in 2015 and 2010 respectively.

Mr Kan graduated with a Bachelor of Economics (Honours) degree from the University of Sydney. He is a Fellow of the Institute of Chartered Accountants in England and Wales and is a member of the Institute of Singapore Chartered Accountants. Mr Kan is also a member of the Singapore Institute of Directors.

Mr Kan has been actively involved in community and charity work. He served as Chairman of the Management Committee of Tanjong Pagar Community Club from 1996 to 2004 and as the Chairman of The Children's Aid Society (Melrose), a home for disadvantaged children from 2003 to 2014. In recognition of his contributions to the community, Mr Kan was conferred the Pingat Bakti Masyarakat (PBM – Public Service Medal) in the 1998 National Day Awards.

CHONG HUAI SENG
Independent Director
Appointed on 12 September 2008, last re-elected on 18 April 2017; Age 68

Mr Chong Huai Seng is a director of The Artling Pte Ltd, an online art advisory and e-commerce company specialising in Asian contemporary art. Mr Chong is also co-founder/director of The Culture Story Private Limited, an art advisory and management company for artists and collectors.

Mr Chong previously served as senior investment officer with the Economic Development Board of Singapore for two years, before joining the financial services sector in 1979. Mr Chong was the Managing Director of Vickers Da Costa Securities and John Govett Asia from 1984 to 1994. Between 1994 and 1997, he was the Managing Director of Sesdaq-listed Pan Pacific Public Company Ltd, and was the Vice Chairman and substantial shareholder of Panpac Media Limited from 1998 to 2003.

Mr Chong graduated from the University of Manchester with a Degree in Polymer Physics (First Class Honours).

LIM KIAN ONN
Chairman, Non-Independent & Non-Executive Director
Appointed on 28 December 1999, last re-elected on 12 April 2018; Age 62

Mr Lim Kian Onn is a member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. He served his articleship with KMG Thomson McLintock in London and was a consultant with Andersen Consulting from 1981 to 1984. Between 1984 and 1993, Mr Lim was with Hong Leong Group, Malaysia as Executive Director in the stockbroking arm responsible for corporate finance, research and institutional sales.

Mr Lim founded the Libra Capital Group in 1994 and co-founded the ECM Libra Group in 2002. The holding company of the ECM Libra Group, ECM Libra Financial Group Berhad ("**ECMFG**") is listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa**"). Mr Lim is the Managing Director and substantial shareholder of ECMFG, a Director of Air Asia X Berhad, a company listed on the Main Market of Bursa and a trustee of ECM Libra Foundation.

OH TEIK KHIM
Executive Director
Appointed on 31 October 2003, last re-elected on 18 April 2017; Age 64

Mr Oh Teik Khim has more than 30 years of experience in finance and general management and has been the Chief Operating Officer/Chief Financial Officer of the Plato Group since 2001. Prior to joining the Group, Mr Oh has served in various senior positions in the Hong Leong Group Malaysia.

Mr Oh is an Associate of the Institute of Chartered Accountants in England and Wales.

Profile of Key Management

GARETH LIM TZE XIANG

Mr Gareth Lim Tze Xiang joined the Group in September 2009 as Head of Investments, responsible for the formulation and implementation of the Group's overall investment strategy. Mr Lim became the Chief Executive Officer of the Group in November 2010.

Mr Lim began his career as part of Morgan Stanley's mergers and acquisitions practice in Singapore. Prior to joining the Group, Mr Lim was a pioneer member of the management teams at Tune Hotels, Southeast Asia's leading chain of limited service hotels, and AirAsia X, the world's then only low cost, long haul carrier, where he was responsible for the establishment and development of each company.

Mr Lim holds a Bachelor of Arts Degree in Economics from St. Catharine's College at the University of Cambridge.

PHILIPPE STAATZ

Mr Philippe Staatz serves as the Director of Investments and joined the investment division of the Group since 2016.

Prior to joining the Group, Mr Staatz was a Director in Credit Suisse's investment banking division in Singapore where he was responsible for covering capital markets across South East Asia.

Before moving to Asia, Mr Staatz spent 10 years with Credit Suisse in London advising corporate clients across Emerging Markets in EMEA. Prior to joining Credit Suisse, Mr Staatz worked in investment banking at HSBC.

Mr Staatz holds a degree in Accounting and Finance from the London School of Economics.

CHOO SENG LAI

Mr Choo Seng Lai is currently Head of the Business Enterprise Division of the Group's subsidiary, Plato Solutions Sdn Bhd.

Mr Choo has over 20 years' experience in implementing Ross' ERP software products in the areas of financial, distribution, manufacturing and maintenance management in Malaysia and other countries such as Thailand, Germany, Brazil, India, Singapore, Hong Kong, Japan, China, Australia and the Philippines. Mr Choo also has more than 25 years of experience in the information technology industry.

LIM KIAN FAH

Ms Lim Kian Fah has been with the Group since October 2004 and serves as the Director of Legal of the Group.

Prior to joining the Group, Ms Lim had about eight years' experience practising law in Malaysia primarily undertaking banking and corporate advisory work. She also served four years as an Executive Director of an Exchange Participant of the Stock Exchange of Hong Kong, with responsibilities that include securities trading control, credit control and ensuring compliance with regulatory requirements.

Directors' Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Plato Capital Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the Directors

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 2018 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company 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.

Directors

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

Lim Kian Onn
Gareth Lim Tze Xiang (Alternate Director to Lim Kian Onn)
Michael Kan Yuet Yun, PBM
Chong Huai Seng
Oh Teik Khim

Arrangements to enable Directors to acquire shares or debentures

Except as described in paragraph on share options and share awards below, 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 in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the particulars of interests of the Directors, who held office at the end of the financial year, in shares, share options and share awards of the Company are as follows:

Name of Director	Direct interest At the beginning of financial year	Direct interest At the end of financial year	Deemed interest At the beginning of financial year	Deemed interest At the end of financial year
Ordinary shares of the Company				
Lim Kian Onn	–	–	125,128,516	126,492,816
Share options pursuant to the Plato Employee Share Option Scheme 2016 of the Company				
Lim Kian Onn	1,378,761	1,378,761	–	–
Gareth Lim Tze Xiang	1,378,761	1,378,761	–	–
Michael Kan Yuet Yun, PBM	1,240,885	1,240,885	–	–
Chong Huai Seng	1,240,885	1,240,885	–	–
Oh Teik Khim	1,378,761	1,378,761	–	–
Share awards pursuant to the Plato Performance Share Plan 2016 of the Company				
Lim Kian Onn	689,381	689,381	–	–
Gareth Lim Tze Xiang	689,381	689,381	–	–
Michael Kan Yuet Yun, PBM	620,443	620,443	–	–
Chong Huai Seng	620,443	620,443	–	–
Oh Teik Khim	689,381	689,381	–	–

By virtue of Section 7 of the Act, Lim Kian Onn is deemed to have an interest in 126,492,816 shares (69,978,516 shares are held vide Citibank Nominees Singapore Pte. Ltd. for Bank Julius Baer (Singapore) Ltd for Lim Kian Onn, 28,000,000 shares are held vide DBSN Services Pte. Ltd. for A/c JP Morgan Bank Luxembourg SA re JP Morgan Private Bank for Lim Kian Onn, and 28,514,300 shares are held vide OCBC Securities Pte. Ltd. for Kenanga Investment Bank Berhad for Lim Kian Onn). Pursuant to the same section of the Act, Lim Kian Onn is also deemed to have interest in all shares held by the Company in its subsidiaries. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 January 2019 in the shares of the Company have not changed from those disclosed as at 31 December 2018.

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 its related corporations, either at the beginning or at the end of the financial year.

Share options and share awards

At an Extraordinary General Meeting ("EGM") held on 20 May 2016, the shareholders approved the Plato Employee Share Option Scheme 2016 ("Plato ESOS 2016") and the Plato Performance Share Plan 2016 ("Plato PSP 2016") for the granting of non-transferable share options and share awards that are settled by physical delivery of the ordinary shares of the Company, to Directors and eligible employees of the Group.

The Plato ESOS 2016 and Plato PSP 2016 are administered by the Remuneration Committee (the "RC") of the Company. In the previous financial year:

- The Company had granted 10,478,584 share options under the Plato ESOS 2016 ("Options"). These Options expire 10 years from 17 June 2016, being the date of grant, save for Options granted to Lim Kian Onn, Michael Kan Yuet Yun, PBM, and Chong Huai Seng which expire 5 years from the date of grant. The vesting period of the Options granted, provided that the Directors and eligible employees remain in the service of the Group is as follows:
    - 1/3 of the Options shall be exercisable at any time after the 1st anniversary of the date of grant;
    - 1/3 of the Options shall be exercisable at any time after the 2nd anniversary of the date of grant; and
    - 1/3 of the Options shall be exercisable at any time after the 3rd anniversary of the date of grant.

- The Company had also granted 5,239,296 share awards under the Plato PSP 2016 ("Awards"). The shares under the Awards will be allocated and issued or transferred to a recipient if certain predetermined performance conditions as determined by the RC are achieved or otherwise in accordance with the Rules of the Plato PSP 2016. The Awards for each recipient are released and vest proportionately (1/3) each year from 2017 to 2019, provided that the Directors and eligible employees remain in the service of the Group.

The grant of the Options and Awards were accepted by the Directors and eligible employees of the Group in July 2016.

Details of all the Options to subscribe for ordinary shares of the Company pursuant to the Plato ESOS 2016 as at 31 December 2018 are as follows:

Expiry date	Exercise price (S$)	Number of Options Outstanding as at 1 January 2018	Number of Options Forfeited during the year	Number of Options Outstanding as at 31 December 2018
16 June 2021	0.10	3,860,531	–	3,860,531
16 June 2026	0.10	5,377,168	–	5,377,168
Total		9,237,699	–	9,237,699

Details of all the Awards granted pursuant to the Plato PSP 2016 as at 31 December 2018 are as follows:

	Number of Awards Outstanding as at 1 January 2018	Number of Awards Forfeited during the year	Number of Awards Outstanding as at 31 December 2018
Plato PSP 2016	4,618,853	–	4,618,853

Details of the Options to subscribe for ordinary shares of the Company and Awards granted to Directors and eligible employees of the Group pursuant to the Plato ESOS 2016 and Plato PSP 2016 are as disclosed above. There were no Options exercised by the Directors and eligible employees of the Group during the financial year.

Included in the granted Options and Awards are 1,378,761 Options and 689,381 Awards granted to Lim Kian Fah, an associate of Lim Kian Onn pursuant to the Plato ESOS 2016 and Plato PSP 2016.

Other than the Options and Awards granted to the Directors of the Company, Lim Kian Fah and 2 key management personnel, there were no other employees of the Group who have been granted more than 5% of the total Options and Awards available under the Plato ESOS 2016 and Plato PSP 2016.

Since the commencement of the Plato ESOS 2016 till the end of the financial year:

- No Options that entitle the holder to participate, by virtue of the Options, in any share issue of any other corporation have been granted; and
- No Options have been granted at a discount

Audit Committee

The Audit Committee (the "AC") of the Company is chaired by Michael Kan Yuet Yun, PBM, an Independent Director, and includes Chong Huai Seng, an Independent Director and Lim Kian Onn, a Non-Independent and Non-Executive Director. The AC performed its functions in accordance with Section 201B(5) of the Act as follows:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, the internal auditor's evaluation of the adequacy and effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management and the assistance given by the Group and the Company's management to the internal and external auditors;
- Reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors (the "Board");
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Recommended to the Board the nomination and compensation of the external auditor and reviewed the scope and results of the external audit;
- Reported actions, recommendations and minutes of the AC to the Board;
- Reviewed interested person transactions in accordance with the requirements of the SGX-ST's Listing Manual; and
- Reviewed all non-audit services provided by the external auditor to the Group to ascertain that the nature and extent of such services would not affect the independence of the external auditor.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with external auditor, without the presence of the Company's management, at least once a year.

Auditor

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

On behalf of the Board of Directors:

Lim Kian Onn
Director

Oh Teik Khim
Director

13 March 2019

Independent Auditor's Report for the financial year ended 31 December 2018

Independent auditor's report to the members of Plato Capital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Plato Capital Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement 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, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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, including any commentary on the findings or outcome of our procedures, 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.

Equity accounting for investments in associates and joint ventures

As at 31 December 2018, the carrying value of Group's investment in associates and joint ventures amounted to approximately $17,901,000 and $17,602,000, which accounted for 28% and 28% of the Group's total assets respectively. The Group accounts for its investments in associates and joint ventures using the equity method. During the year, the Group also derecognised the investment in an associate which was subsequently accounted for as a financial asset at fair value through other comprehensive income as disclosed in Note 16 of the financial statements. Given the significance of the carrying amount of the investment in associates and joint ventures as at 31 December 2018, we determined the equity accounting for investments in associates and joint ventures and the accounting treatment of the derecognition of the investment in an associate to be a key audit matter.

As part of our audit procedures, we reviewed the equity accounting workings and journal entries prepared by management by comparing them to the financial statements of the relevant associates and joint ventures. We assessed the reliability of the financial statements of the associates and joint ventures through our involvement in the work of the component auditors. We discussed with component auditors on the identified significant risks of material misstatements and the nature, timing and extent of audit procedures to address these risks. We also evaluated the significant accounting policies of the associates and joint ventures to ensure alignment with the group's accounting policy. In relation to the derecognition of the investment in an associate during the year, we evaluated the appropriateness of management's subsequent classification as a financial asset and the fair value measurement of the investment upon derecognition as an investment in an associate. In addition, we assessed the adequacy of the disclosures made in Note 14 and Note 15 to the financial statements.

Other Information

Management is responsible for 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 identified above when it becomes available 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.

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 Low Yen Mei.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

13 March 2019

Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2018

	Note	2018	2017
		$	$
Revenue	4	1,191,510	883,759
Other income	5	165,825	66,060
		1,357,335	949,819
Other items of income/(expense)			
Gain on disposal of investment securities	16	–	354,149
Loss on derecognition of an associate		(90,866)	–
Purchase of software and services		(468,039)	(422,773)
Unquoted equity investment written off		(1)	–
Employee benefits expenses	6	(1,771,197)	(1,819,806)
Depreciation of property, plant and equipment	11	(17,728)	(18,248)
Foreign exchange loss, net		(155,954)	(515,954)
Impairment of receivables	18	–	(7,377)
Other operating expenses		(2,235,357)	(771,366)
Bank charges		(6,256)	(4,360)
Finance costs	7	(662,229)	(670,660)
Share of profit from joint ventures		1,515,033	11,897,492
Share of loss from associates		(878,342)	(551,503)
(Loss)/profit before tax	8	(3,413,601)	8,419,413
Income tax credit	9	58,340	60,278
(Loss)/profit for the year		(3,355,261)	8,479,691

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

	Note	2018	2017
		$	$
(Loss)/profit for the year		(3,355,261)	8,479,691
Other comprehensive income/(loss):			
Item that will not be reclassified to profit or loss			
Share of other comprehensive loss on re-measurement of defined benefits obligations of an associate		–	(6,311)
Share of fair value reserve for financial assets of an associate		26,416	–
Fair value loss on quoted equity investment at fair value through other comprehensive income		(1,628,348)	–
		(1,601,932)	(6,311)
Items that may be reclassified subsequently to profit or loss			
Share of fair value reserve for available-for-sale financial assets of an associate		–	28,367
Share of foreign currency translation reserve of joint ventures		(1,021,270)	135,138
Share of foreign currency translation reserve of associates		21,310	(575,194)
Foreign currency translation		(215,206)	498,599
Reclassification to profit or loss upon de-recognition of an associate		(119,014)	–
		(1,334,180)	86,910
Other comprehensive (loss)/income for the year, net of tax		(2,936,112)	80,599
Total comprehensive (loss)/income for the year		(6,291,373)	8,560,290
(Loss)/profit for the year attributable to:			
Owners of the Company		(3,508,261)	8,127,378
Non-controlling interests		153,000	352,313
		(3,355,261)	8,479,691
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(6,341,076)	8,404,903
Non-controlling interests		49,703	155,387
		(6,291,373)	8,560,290
(Loss)/earnings per share (cents) attributable to owners of the Company	10		
Basic		(1.80)	4.17
Diluted		(1.32)	3.44

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

Balance Sheets as at 31 December 2018

	Note	Group 31.12.2018 $	Group 31.12.2017 $	Group 1.1.2017 $	Company 31.12.2018 $	Company 31.12.2017 $	Company 1.1.2017 $
Non-current assets							
Property, plant and equipment	11	10,565,202	5,674,257	4,429,218	–	–	–
Intangible asset	12	312,927	256,572	–	–	–	–
Investment in subsidiaries	13	–	–	–	24,539,826	2,544,827	3,126,130
Investment in joint ventures	14	17,602,260	31,661,455	23,717,825	6,343,100	11,426,050	15,515,050
Investment in associates	15	17,901,304	29,005,509	30,468,563	–	–	–
Investment securities	16	5,538,897	1	266,057	–	–	–
		51,920,590	66,597,794	58,881,663	30,882,926	13,970,877	18,641,180
Current assets							
Trade receivables	17	219,676	196,716	1,056,621	–	–	–
Other receivables and deposits	18	406,098	44,376	25,184	–	–	–
Prepaid operating expenses		57,638	37,714	35,509	12,315	12,601	12,050
Capitalised contract costs – Deferred maintenance cost	4	197,989	101,366	178,159	–	–	–
Tax recoverable		40,000	44,954	51,888	–	–	–
Amounts due from subsidiaries	19	–	–	–	11,055,976	19,133,596	19,644,820
Cash and cash equivalents	20	10,256,806	4,321,407	4,130,030	214,917	1,380,041	1,057,981
		11,178,207	4,746,533	5,477,391	11,283,208	20,526,238	20,714,851
Total assets		63,098,797	71,344,327	64,359,054	42,166,134	34,497,115	39,356,031
Current liabilities							
Trade payables	21	102,695	99,595	147,707	–	–	–
Other payables and accruals	22	5,877,632	2,264,245	1,098,353	209,536	225,137	194,510
Contract liabilities – Deferred revenue	4	361,332	161,613	260,706	–	–	–
Amounts due to subsidiaries	19	–	–	–	4,231,202	1,725,635	1,598,379
Amount due to joint venture	23	748,987	6,369,400	9,172,181	1,056,556	6,139,557	9,172,181
Loans and borrowings	24	4,948,300	5,595,614	6,135,670	–	–	–
		12,038,946	14,490,467	16,814,617	5,497,294	8,090,329	10,965,070
Net current (liabilities)/assets		(860,739)	(9,743,934)	(11,337,226)	5,785,914	12,435,909	9,749,781
Non-current liabilities							
Deferred tax liabilities	25	131,420	189,760	244,411	131,420	189,760	244,411
RCULS – liability component	24	5,426,940	5,083,762	4,762,285	5,426,940	5,083,762	4,762,285
Amount due to an associate	26	–	2,369,157	2,321,921	–	–	–
Amount due to a related party	26	2,374,423	–	–	–	–	–
		7,932,783	7,642,679	7,328,617	5,558,360	5,273,522	5,006,696
Total liabilities		19,971,729	22,133,146	24,143,234	11,055,654	13,363,851	15,971,766
Net assets		43,127,068	49,211,181	40,215,820	31,110,480	21,133,264	23,384,265
Equity							
Share capital	27	40,875,023	40,875,023	40,875,023	40,875,023	40,875,023	40,875,023
Fair value and other reserves	28	574,805	2,122,748	1,659,310	2,203,153	1,995,893	1,560,822
Foreign currency translation reserve	29	(8,299,468)	(7,221,856)	(7,475,806)	–	–	–
Retained earnings/ (accumulated losses)		7,507,446	11,015,707	2,893,121	(11,967,696)	(21,737,652)	(19,051,580)
Equity attributable to owners of the Company		40,657,806	46,791,622	37,951,648	31,110,480	21,133,264	23,384,265
Non-controlling interests		2,469,262	2,419,559	2,264,172	–	–	–
Total equity		43,127,068	49,211,181	40,215,820	31,110,480	21,133,264	23,384,265
Total equity and liabilities		63,098,797	71,344,327	64,359,054	42,166,134	34,497,115	39,356,031

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

Statements of Changes in Equity
for the financial year ended 31 December 2018

	Attributable to owners of the Company						
	Share capital	Fair value and other reserves	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	$	$	$	$	$	$	$
Group							
At 1 January 2018 (FRS framework)	40,875,023	2,122,748	(7,221,856)	11,015,707	46,791,622	2,419,559	49,211,181
Cumulative effects of adopting SFRS(I)	–	(648,284)	–	648,284	–	–	–
At 1 January 2018 (SFRS(I) framework)	40,875,023	1,474,464	(7,221,856)	11,663,991	46,791,622	2,419,559	49,211,181
Loss for the year	–	–	–	(3,508,261)	(3,508,261)	153,000	(3,355,261)
Other comprehensive income/ (loss):							
Share of fair value reserve for financial assets of an associate	–	26,416	–	–	26,416	–	26,416
Fair value loss on quoted equity investment at fair value through other comprehensive income ("FVOCI")	–	(1,628,348)	–	–	(1,628,348)	–	(1,628,348)
Share of foreign currency translation reserve of joint ventures	–	–	(1,021,270)	–	(1,021,270)	–	(1,021,270)
Share of foreign currency translation reserve of associates	–	–	79,853	–	79,853	(58,543)	21,310
Foreign currency translation	–	–	(170,452)	–	(170,452)	(44,754)	(215,206)
Reclassification to profit or loss upon de-recognition of an associate	–	(153,271)	34,257	–	(119,014)	–	(119,014)
Other comprehensive loss for the year, net of tax	–	(1,755,203)	(1,077,612)	–	(2,832,815)	(103,297)	(2,936,112)
Total comprehensive (loss)/ income for the year	–	(1,755,203)	(1,077,612)	(3,508,261)	(6,341,076)	49,703	(6,291,373)
Transaction with owners							
Effects of share options and share awards	–	207,260	–	–	207,260	–	207,260
Others							
Transfer of fair value reserve of unquoted equity investment at FVOCI written off during the year	–	648,284	–	(648,284)	–	–	–
At 31 December 2018	40,875,023	574,805	(8,299,468)	7,507,446	40,657,806	2,469,262	43,127,068

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

	Attributable to owners of the Company						
	Share capital $	Fair value and other reserves $	Foreign currency translation reserve $	Retained earnings/ (accumulated losses) $	Equity attributable to owners of the Company $	Non-controlling interests $	Total equity $
Group							
At 1 January 2017 (FRS and SFRS(I) framework)	40,875,023	1,659,310	(7,475,806)	2,893,121	37,951,648	2,264,172	40,215,820
Profit for the year	–	–	–	8,127,378	8,127,378	352,313	8,479,691
Other comprehensive income/ (loss):							
Share of other comprehensive loss on re-measurement of the defined benefits obligations of an associate	–	–	–	(4,792)	(4,792)	(1,519)	(6,311)
Share of fair value reserve for available-for-sale financial assets of an associate	–	28,367	–	–	28,367	–	28,367
Share of foreign currency translation reserve of joint venture	–	–	135,138	–	135,138	–	135,138
Share of foreign currency translation reserve of associates	–	–	(347,171)	–	(347,171)	(228,023)	(575,194)
Foreign currency translation	–	–	465,983	–	465,983	32,616	498,599
Other comprehensive income/ (loss) for the year, net of tax	–	28,367	253,950	(4,792)	277,525	(196,926)	80,599
Total comprehensive income for the year	–	28,367	253,950	8,122,586	8,404,903	155,387	8,560,290
Transaction with owners							
Effects of share options and share awards	–	435,071	–	–	435,071	–	435,071
At 31 December 2017	40,875,023	2,122,748	(7,221,856)	11,015,707	46,791,622	2,419,559	49,211,181

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

	Share capital $	Other reserves $	Accumulated losses $	Total equity $
Company				
2018				
At 1 January 2018 (FRS and SFRS(I) framework)	40,875,023	1,995,893	(21,737,652)	21,133,264
Profit for the year, representing total comprehensive income for the year	–	–	9,769,956	9,769,956
Effects of share options and share awards	–	207,260	–	207,260
At 31 December 2018	40,875,023	2,203,153	(11,967,696)	31,110,480
2017				
At 1 January 2017 (FRS and SFRS(I) framework)	40,875,023	1,560,822	(19,051,580)	23,384,265
Loss for the year, representing total comprehensive loss for the year	–	–	(2,686,072)	(2,686,072)
Effects of share options and share awards	–	435,071	–	435,071
At 31 December 2017	40,875,023	1,995,893	(21,737,652)	21,133,264

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

Consolidated Cash Flow Statement for the financial year ended 31 December 2018

	2018	2017
	$	$
Cash flows from operating activities		
(Loss)/profit before tax	(3,413,601)	8,419,413
Adjustments for:		
Interest income from bank deposits	(51,737)	(66,060)
Interest income from provision of credit facilities	–	(4,701)
Interest expenses	662,229	670,660
Depreciation of property, plant and equipment	17,728	18,248
Gain on disposal of investment securities	–	(354,149)
Unquoted equity investment written off	1	–
Loss on derecognition of an associate	90,866	–
Impairment of receivables	–	7,377
Share-based payments expense	207,260	435,071
Share of profit from joint ventures	(1,515,033)	(11,897,492)
Share of loss from associates	878,342	551,503
Unrealised foreign exchange loss/(gain), net	602,826	(495,696)
Operating loss before working capital changes	(2,521,119)	(2,715,826)
(Increase)/decrease in receivables	(531,248)	931,454
(Decrease)/increase in payables	(2,092,123)	1,034,172
Cash flows used in operations	(5,144,490)	(750,200)
Interest received from provision of credit facilities	–	4,701
Income tax refunded	5,215	13,596
Net cash flows used in operating activities	(5,139,275)	(731,903)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,514,698)	(1,025,338)
Acquisition of subsidiary	(50)	–
Proceeds from disposal of investment securities	–	601,803
Acquisition of investment securities	(301,869)	–
Advances from a joint venture	–	1,286,219
Investment in associates	(438,540)	(355,119)
Investment in joint ventures	(2,017,732)	–
Dividends received from associates	3,755,884	713,532
Dividends received from joint venture	11,487,740	–
Trademark related expenses paid	(51,214)	(258,380)
Net cash flows generated from investing activities	8,919,521	962,717

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

	2018	2017
	$	$
Cash flows from financing activities		
Interest paid	(319,049)	(367,699)
Interest received from bank deposits	51,737	66,060
Advances from non-controlling interest of a subsidiary controlled by a substantial shareholder	3,036,523	–
Repayment of bank borrowings	(657,712)	(660,678)
Net cash flows generated from/(used in) financing activities	2,111,499	(962,317)
Net increase/(decrease) in cash and cash equivalents	5,891,745	(731,503)
Effect of exchange rate changes on cash and cash equivalents	43,654	922,880
Cash and cash equivalents at 1 January	4,321,407	4,130,030
Cash and cash equivalents at 31 December (Note 20)	10,256,806	4,321,407

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 2018

1. Corporate information

Plato Capital Limited (the "Company") is a limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The principal place of business of the Group is located at Ground Floor, Bangunan ECM Libra, 8 Jalan Damansara Endah, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollars ($).

Fundamental accounting concept

The consolidated financial statements have been prepared on a going concern basis notwithstanding the excess of current liabilities over current assets of $860,739 (2017: $9,743,934) as the Directors are of the view that the Group will continue to operate as a going concern. The Directors' view is based on the ability of the Group to continue to have access to banking facilities available to the Group with the support of Mr Lim Kian Onn ("Mr LKO") as guarantor to those facilities as well as the ability of the Group to generate sufficient net cash inflows from investing activities based on the forecast prepared by management. As at the date of these financial statements, Mr LKO has provided a commitment to the Group to continue to provide and not withdraw such personal guarantee so as to enable the Group to have continuous access to these banking facilities. The Directors are also of the view that the Group will be able to secure additional borrowings by securing its long-term assets which are currently unencumbered.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

2. *Summary of significant accounting policies (cont'd)*

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of SFRS(I) 9 and SFRS(I) 15 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.

SFRS(I) 9 Financial Instruments

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income at FVOCI. This election has no impact to the statement of financial position as at 1 January 2018.

The Group has elected to measure its available-for-sale ("AFS") unquoted equity securities at FVOCI. An amount of $648,284 was previously charged out as impairment loss for an unquoted equity investment with an initial cost of $648,285. Upon the adoption of SFRS(I) 9, the cumulative impairment loss of $648,284 was reclassified from retained earnings to fair value reserve as at 1 January 2018.

<u>Impairment</u>

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The management has assessed and concluded that there is no significant impact on the amount of impairment loss to be recognised upon the adoption of SFRS(I) 9.

(in Singapore Dollars) continued

2. *Summary of significant accounting policies (cont'd)*

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)*

SFRS(I) 9 Financial Instruments *(cont'd)*

Impairment *(cont'd)*

The Group has assessed which business model applies to the financial assets held by the Group at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects are as follows:

	Group				
Measurement category	**FRS 39 carrying amount on 31 December 2017**	**Reclassifications**	**SFRS(I) 9 carrying amount on 1 January 2018**	**Retained earnings effect on 1 January 2018**	**Fair value reserves effect on 1 January 2018**
	$	$	$	$	$
Reclassified from AFS securities carried at cost	–	1	1	–	–
Reversal of impairment losses for equity instruments	–	–	–	648,284	(648,284)
FVOCI balances, reclassifications, remeasurements as at 1 January 2018	–	1	1	648,284	(648,284)

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group is involved in the provision of credit facilities as well as Information Technology ("IT") related services. The revenue contracts entered into by the Group typically only have one performance obligation per contract with no variable consideration nor rights of return.

There is no change in the timing and quantum of revenue recognised upon the adoption of SFRS(I) 15. License fees relate to the right to use the relevant software, based on a one-time billing with no expiry period. No further services are rendered to customers in relation to the license fees after the right to use the relevant software is acquired. Consequently, revenue from license fees are recognised at a point in time when the license is granted. Revenue from implementation services are recognised based on milestone billings measured by reference to the stage of completion of the projects ("output method").

The contracts for the provision of credit facilities and maintenance services are for specified contract periods and the customers simultaneously receive and consume the benefits as the services are performed. Hence, under SFRS(I) 15, revenue is recognised over time, similar to the previous revenue recognition policy that was adopted by the Group.

The Group has also assessed that the revenue recognition of the respective equity accounted investments has not been significantly impacted by the application of SFRS(I) 15. Consequently, there is no significant impact arising from the equity accounting of the results and reserves of these investments upon the application of SFRS(I) 15.

Accordingly, the adoption of SFRS(I) 15 did not have a significant impact on the financial results and financial position of the Group. Upon the adoption of SFRS(I) 15, the description of certain captions on the statement of financial position which are related to contract assets and contract liabilities have been updated to reflect the terms used in SFRS(I) 15.

(in Singapore Dollars) continued

2. *Summary of significant accounting policies (cont'd)*

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
SFRS(I) 116 *Leases*	1 January 2019
SFRS(I) INT 123 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the Directors expect that the adoption of above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019.

At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

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.

The Group elects for each individual business combination whether non-controlling interest in the acquiree (if any) (i.e. present interests which 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. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by SFRS(I).

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.

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 owners' 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 currencies

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 currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which 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.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. 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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to the non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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 other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has unlimited useful life and therefore is not depreciated.

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

Computer equipment	–	3 years
Motor vehicles	–	5 years
Furniture and fittings	–	5 years
Office renovation	–	5 years
Office equipment	–	5 years

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

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 arising on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.9 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 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 group 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)*

2.10 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 financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

2.12 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associates or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associates or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates or joint ventures.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates or joint ventures and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates or joint ventures are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate or joint venture used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

2. *Summary of significant accounting policies (cont'd)*

2.12 Associates and joint ventures (cont'd)

When the financial statements of an associate or joint venture used in applying the equity method are as of a reporting date or for a period that is different from that of the Company, the reporting date of the financial statements of the associates or joint ventures and the reason for using a different reporting date or different period shall be disclosed.

Upon loss of significant influence or joint control over the associates or joint ventures, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of that interest.

2.13 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

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

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.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

2. *Summary of significant accounting policies (cont'd)*

2.13 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement *(cont'd)*

Investments in debt instruments *(cont'd)*

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

In addition, the Group has designated certain investments in unit trusts and money market funds as financial assets at fair value through profit or loss, considering the nature of these investments.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

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.

(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.

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. *Summary of significant accounting policies (cont'd)*

2.14 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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

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.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 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 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2. Summary of significant accounting policies (cont'd)

2.18 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.

2.19 Redeemable convertible unsecured loan stocks ("RCULS")

RCULS are separated into liability and equity components based on the terms of the contract. On issuance of the RCULS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the RCULS based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2.20 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 and the Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, which are defined contribution pension schemes. 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 accrue to employees. The undiscounted 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. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) Defined benefit plans

The costs of providing benefits under defined benefit plans of certain subsidiaries of an associate are determined separately for each plan using the projected unit credit actuarial valuation method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur.

Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the associate recognises restructuring-related costs

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(c) *Defined benefit plans (cont'd)*

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The associate recognises the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(d) *Employee share options and share awards*

Employees of the Group receive remuneration in the form of share options and share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options and share awards at the date on which the options and share awards are granted which takes into account performance and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share-based payments reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The share-based payments reserve is transferred to retained earnings upon expiry of the share option.

2.21 Leases

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.

2.22 Revenue

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

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

The revenue contracts entered into by the Group typically only has one performance obligation per contract with no variable consideration nor rights of return.

(a) *Sale of goods*

Revenue is recognised when the customer obtains control of the goods upon delivery and acceptance by the customer.

(b) *Rendering of services*

License fees relate to the right to use the relevant software, based on a one-time billing with no expiry period. No further services are rendered in relation to the license fees after the right to use the relevant software is acquired. Consequently, revenue from license fees are recognised at a point in time when the license is granted.

Revenues from implementation services are recognised based on milestone billings measured by reference to the stage of completion of the projects ("output method").

Revenue from facilitation services is recognised when the services are rendered.

2. *Summary of significant accounting policies (cont'd)*

2.22 *Revenue (cont'd)*

(c) *Interest income from provision of credit facilities*

Interest income from provision of credit facilities is recognised by using effective interest method and is accounted for monthly by reference to periods that are stipulated in the financing agreement.

(d) *Interest income from bank deposits*

Interest income is recognised using the effective interest method.

(e) *Dividend income*

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

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2.23 *Taxes*

(a) *Current 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 accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

2. *Summary of significant accounting policies (cont'd)*

2.23 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, 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 accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

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) Goods and services tax

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

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services 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 goods and services tax included.

2.24 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.

2.25 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.

(in Singapore Dollars) continued

2. *Summary of significant accounting policies (cont'd)*

2.25 Contingencies (cont'd)

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.

3. *Significant accounting judgements and estimates*

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, 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.

3.1 Judgements made in applying accounting policies and key sources of estimation uncertainty

Management is of the opinion that there are no significant judgements made in applying accounting policies or key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts recognised in the consolidated financial statements.

4. *Revenue*

a) Disaggregation of revenue:

	Group	
	2018	**2017**
	$	$
Revenue from major products/services:		
- sale of goods	63,704	80,358
- license fees	206,074	77,192
- implementation services	485,039	284,556
- maintenance services	436,693	436,952
Interest income from provision of credit facilities	–	4,701
	1,191,510	883,759
Timing of transfer of goods and services		
- At a point in time	269,778	157,550
- Over time	921,732	726,209
	1,191,510	883,759

b) Judgement and methods used in estimating revenue

The revenue contracts entered into by the Group typically only have one performance obligation per contract with no variable consideration nor rights of return. There are no significant judgements made in estimating revenue. The Group's revenue recognition policy is disclosed in Note 2.22. For the sales of licences fees and providing maintenance services where the Group satisfies its performance obligations over time, management has determined that the output method provides a faithful depiction of the Group's performance in rendering the services to the customers.

(in Singapore Dollars) continued

4. *Revenue (cont'd)*

c) Contract assets and contract liabilities

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

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	$	$
Receivables from contracts with customers (Note 17)	219,676	196,716	1,056,621
Capitalised contract costs – Deferred maintenance cost	197,989	101,366	178,159
Contract liabilities – Deferred revenue	(361,332)	(161,613)	(260,706)

	Group	
	2018	**2017**
	$	$
Capitalised contract costs – Deferred maintenance cost		
At 1 January	101,366	178,159
Costs incurred	326,333	183,163
Recognised as expense during the year	(229,710)	(259,956)
At 31 December	197,989	101,366
Contract liabilities – Deferred revenue		
At 1 January	161,613	260,706
Billings made during the year	1,121,451	622,415
Recognised as revenue during the year	(921,732)	(721,508)
At 31 December	361,332	161,613

5. *Other income*

	Group	
	2018	**2017**
	$	$
Interest income from bank deposits		
- debt instruments at amortised cost	51,737	–
- loans and receivables	–	66,060
Miscellaneous income	114,088	–
	165,825	66,060

(in Singapore Dollars) continued

6. Employee benefits expenses

	Group	
	2018	2017
	$	$
Salaries and wages	1,396,033	1,244,241
Defined contribution plans	130,823	114,982
Share-based payments	207,260	435,071
Other employee benefits	37,081	25,512
	1,771,197	1,819,806

Employee benefits expenses include the amounts shown as Directors' remuneration in Note 30.

Share options and share awards

At an Extraordinary General Meeting ("EGM") held on 20 May 2016, the shareholders approved the Plato Employee Share Option Scheme 2016 ("Plato ESOS 2016") and the Plato Performance Share Plan 2016 ("Plato PSP 2016") for the granting of non-transferable share options and share awards that are settled by physical delivery of the ordinary shares of the Company, to the Directors and eligible employees of the Group.

The Plato ESOS 2016 and Plato PSP 2016 are administered by the Remuneration Committee (the "RC") of the Company.

- The Company has granted 10,478,584 share options under the Plato ESOS 2016 ("Options"). These Options expire 10 years from 17 June 2016, being the date of grant, save for Options granted to Lim Kian Onn, Michael Kan Yuet Yun, PBM, and Chong Huai Seng which expire 5 years from the date of grant. The vesting period of the Options granted, provided that the Directors and eligible employees remain in the service of the Group is as follows:

  - 1/3 of the Options shall be exercisable at any time after the 1st anniversary of the date of grant;
  - 1/3 of the Options shall be exercisable at any time after the 2nd anniversary of the date of grant; and
  - 1/3 of the Options shall be exercisable at any time after the 3rd anniversary of the date of grant.

- The Company has also granted 5,239,296 share awards under the Plato PSP 2016 ("Awards"). The shares under the Awards will be allocated and issued or transferred to a recipient if certain predetermined performance conditions as determined by the RC are achieved or otherwise in accordance with the Rules of the Plato PSP 2016. The Awards for each recipient are released and vest proportionately (1/3) each year from 2017 to 2019, provided that the Directors and eligible employees remain in the service of the Group.

The grant of the Options and Awards were accepted by the Directors and eligible employees of the Group in July 2016.

Details of all the Options to subscribe for ordinary shares of the Company pursuant to the Plato ESOS 2016 as at 31 December 2018 are as follows:

Expiry date	Exercise price (S$)	Number of Options outstanding as at 1 January 2017	Number of Options Forfeited during the year	Number of Options Outstanding as at 31 December 2017 and 1 January 2018	Number of Options Forfeited during the year	Number of Options Outstanding as at 31 December 2018
16 June 2021	0.10	3,860,531	–	3,860,531	–	3,860,531
16 June 2026	0.10	6,618,053	(1,240,885)	5,377,168	–	5,377,168
Total		10,478,584	(1,240,885)	9,237,699	–	9,237,699

(in Singapore Dollars) continued

6. Employee benefits expenses (cont'd)

Share options and share awards (cont'd)

Details of all the Awards granted pursuant to the Plato PSP 2016 as at 31 December 2018 are as follows:

Expiry date	Number of Options outstanding as at 1 January 2017	Number of Options Forfeited during the year	Number of Awards Outstanding as at 31 December 2017 and 1 January 2018	Number of Awards Forfeited during the year	Number of Awards Outstanding as at 31 December 2018
Plato PSP 2016	5,239,296	(620,443)	4,618,853	–	4,618,853

The weighted average fair values of share options and share awards granted during the financial year ended 31 December 2016 were $0.076 and $0.085 respectively.

The weighted average remaining contractual life for these Options is 6.7 (2017: 7.7) years.

Fair value of share options granted

The fair value of share options granted under the Plato ESOS 2016 is estimated at the date of the grant, using a Black-Scholes simulation model, taking into account the terms and conditions upon which the Options were granted. It takes into account historic dividends, share price fluctuation covariance of the Company to predict the distribution of relative share performance.

The following table lists the inputs to the Option pricing model for the share options granted during the financial year ended 31 December 2016:

Dividend yield (%)	–
Expected volatility (%)	129 to 162
Risk-free interest rate (% p.a.)	1.63 to 2.25
Expected life of Option (years)	3.5 to 7
Weighted average share price ($)	0.085

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the Options is indicative of future trends, which may not necessarily be the actual outcome.

Fair value of share awards granted

The fair value of the share awards granted under the Plato PSP 2016 is estimated at the date of the grant, based on the prevailing share price of the Company of $0.085 at the date when the grant was accepted by the Directors and eligible employees, taking into consideration the terms and conditions upon which the share awards were granted and the assessment of the probability of the performance conditions set being met by the Directors and eligible employees. Due to the nature of these share awards, the estimation of the dividend yield is not applicable and there were no other significant inputs used for estimating the fair value of these share awards.

(in Singapore Dollars) continued

7. *Finance costs*

	Group	
	2018	**2017**
	$	$
Interest expense on:		
- bank borrowings carried at amortised cost	319,051	349,183
- RCULS – liability component carried at amortised cost	343,178	321,477
	662,229	670,660

8. *(Loss)/profit before tax*

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2018	**2017**
	$	$
Audit fees:		
- auditors of the Company	117,375	118,747
- other auditors	41,105	30,278
Non-audit fees:		
- other auditors	3,120	3,187
Operating lease expenses	54,308	52,736
Legal and professional fees	1,578,591	447,903

There were no non-audit fees paid to the auditor of the Company for the financial years ended 31 December 2018 and 2017.

9. *Income tax credit*

<u>Major components of income tax credit</u>

The major components of income tax credit for the years ended 31 December 2018 and 2017 are:

	Group	
	2018	**2017**
	$	$
Current income tax		
- Current income taxation	–	–
- Over provision in respect of previous years	–	(5,627)
	–	(5,627)
Deferred tax (Note 25)		
- Reversal of temporary differences	(58,340)	(54,651)
Income tax credit recognised in profit or loss	(58,340)	(60,278)

(in Singapore Dollars) continued

9. Income tax credit (cont'd)

Relationship between tax credit and profit before tax

A reconciliation between tax credit and the profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	Group	
	2018	**2017**
	$	$
(Loss)/profit before tax	(3,413,601)	8,419,413
Tax at the domestic rates applicable to profit in the countries where the Group operates	(456,117)	1,460,881
Adjustments:		
Non-deductible expenses	193,295	205,003
Deferred tax assets not recognised	187,148	208,283
Over provision of income tax in respect of previous years	–	(5,627)
Share of results of joint venture and associates	17,334	(1,928,818)
Income tax credit recognised in profit or loss	(58,340)	(60,278)

10. (Loss)/earnings per share

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

Diluted (loss)/earnings per share is calculated by dividing (loss)/profit net of tax, attributable to owners of the Company (after adjusting for interest expense on RCULS, net of tax) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2018	**2017**
(Loss)/profit attributable to owners of the Company ($)	(3,508,261)	8,127,378
Add: Interest expense on RCULS, net of tax ($)	284,838	266,826
(Loss)/profit net of tax attributable to owners of the Company used in the computation of diluted earnings per share ($)	(3,223,423)	8,394,204
Weighted average number of ordinary shares for basic earnings per share computation	194,701,333	194,701,333
Effects of dilution		
- Share options	1,204,917	1,204,917
- RCULS	48,312,307	48,073,845
Weighted average number of ordinary shares for diluted earnings per share computation	244,218,557	243,980,095
Basic (loss)/earnings per share (cents)	(1.80)	4.17
Diluted (loss)/earnings per share (cents)	(1.32)	3.44

(in Singapore Dollars) continued

10. *(Loss)/earnings per share (cont'd)*

The share awards granted pursuant to the Plato PSP 2016 have not been included in the calculation of the earnings per share because the conditions attached to the share awards have not been fulfilled as at 31 December 2018.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

11. *Property, plant and equipment*

Group	Freehold land	Computer equipment	Motor vehicles	Furniture and fittings	Office renovation	Office equipment	Total
	$	$	$	$	$	$	$
Cost							
1 January 2017	4,391,331	170,938	47,740	6,247	70,585	27,766	4,714,607
Additions	1,018,596	6,010	–	–	–	732	1,025,338
Disposal	–	(7,206)	–	–	–	–	(7,206)
Exchange differences	237,175	3,331	920	121	1,361	533	243,441
At 31 December 2017	5,647,102	173,073	48,660	6,368	71,946	29,031	5,976,180
Additions	5,039,521	9,541	–	–	–	–	5,049,062
Exchange differences	(140,425)	420	108	14	160	64	(139,659)
At 31 December 2018	10,546,198	183,034	48,768	6,382	72,106	29,095	10,885,583
Accumulated depreciation							
1 January 2017	–	160,325	22,279	5,132	70,584	27,069	285,389
Depreciation charge for the year	–	7,840	9,767	208	–	433	18,248
Disposal	–	(7,206)	–	–	–	–	(7,206)
Exchange differences	–	3,119	394	99	1,361	519	5,492
At 31 December 2017	–	164,078	32,440	5,439	71,945	28,021	301,923
Depreciation charge for the year	–	9,237	8,103	173	–	215	17,728
Exchange differences	–	398	97	13	160	62	730
At 31 December 2018	–	173,713	40,640	5,625	72,105	28,298	320,381
Net carrying amount							
At 1 January 2017	4,391,331	10,613	25,461	1,115	1	697	4,429,218
At 31 December 2017	5,647,102	8,995	16,220	929	1	1,010	5,674,257
At 31 December 2018	10,546,198	9,321	8,128	757	1	797	10,565,202

The freehold land of the Group consists of the cost of acquisition of certain properties in Ireland by a subsidiary, Monteco Holdings Limited ("Monteco"). The entire acquisition cost has been allocated to the cost of freehold land, as the current intention of the Group is to re-develop the properties into a hotel known as the Ormond Hotel ("Ormond Hotel Project"). The additions included in freehold land during the year consists mainly of costs incurred for the demolishment of the existing properties and professional fees incurred.

Included in additions during the year are accruals for costs of $1,534,364 (2017: Nil) which has not yet been paid as at 31 December 2018. Monteco's contractor for the Ormond Hotel Project has referred to adjudication a payment dispute over this amount.

(in Singapore Dollars) continued

11. Property, plant and equipment (cont'd)

In addition, Monteco is currently engaged in a dispute with the neighbours of the properties. The neighbours, being the owner and tenant of the property adjoining to the development site ("Neighbour Property") have respectively initiated Section 160 Planning and Development Act 2000 injunction applications ("Section 160 Planning Injunction") and/or nuisance claims in the Dublin High Court against Monteco seeking court order to injunct Monteco from amongst others, carrying on with the demolition and redevelopment of the Ormond Hotel Project and/or from committing acts of nuisance to the Neighbour Property.

Monteco is currently awaiting judgement with regards to the Section 160 Planning Injunction matters. Monteco's legal advisors have advised that it is not probable that the judge will impose an injunction on Monteco. However, it is possible that the judge may order that each party bears its own cost. Accordingly, the Group has not made any provision for liability in relation to the injunction but has fully accrued for all legal fees incurred during the year.

In relation to the nuisance claims, Monteco has been advised by its legal advisors that there are reasonable grounds for the neighbours in succeeding with their nuisance claims against Monteco. This is owing to the damage to the party wall and incidents of water and dust ingress caused to the Neighbour Property as a result of the works carried out by Monteco's contractor. Monteco's legal advisors have advised that Monteco's exposure in terms of damages and cost arising from these nuisance claims are limited. In the light of this limited exposure, the Group has not made any additional provision for liability in relation to the nuisance claims.

12. Intangible asset

	Group	
	31.12.2018	31.12.2017
	$	$
Trademark		
At 1 January	256,572	–
Addition	51,214	258,380
Exchange differences	5,141	(1,808)
At 31 December	312,927	256,572

Trademark relates to the costs incurred on the "ORMOND" hotel brand. As at 31 December 2018, the trademark is not yet available for use.

13. Investment in subsidiaries

	Company	
	31.12.2018	31.12.2017
	$	$
Unquoted shares, at cost		
At 1 January	13,644,098	12,128,223
Add: Increase in investment in subsidiaries	609,300	1,274,578
Add: Balances due from subsidiaries which have been assessed as quasi-equity balances	21,714,838	–
Share options and share awards granted to Directors and employees of subsidiaries pursuant to the Plato ESOS 2016 and Plato PSP 2016	120,861	241,297
	36,089,097	13,644,098
Less: Accumulated impairment losses	(11,549,271)	(11,099,271)
At 31 December	24,539,826	2,544,827

Certain balances due from subsidiaries for which no repayment are expected have been assessed as quasi-equity have been reflected as part of the investment in subsidiaries during the year.

(in Singapore Dollars) continued

13. Investment in subsidiaries (cont'd)

(a) Composition of the Group

The Group has the following investment in subsidiaries:

	Name of subsidiaries	Country of incorporation	Principal activities	Percentage of interest held by the Group		
				31.12.18	31.12.17	1.1.17
				%	%	%
	Held by the Company:					
+	Plato Private Limited	Singapore	Investment holding	100	100	100
+	Positive Carry Pte. Ltd.	Singapore	Investment holding	100	100	100
+	Truesource Pte. Ltd. ("TSPL")	Singapore	Investment holding	100	100	100
#	Plato Capital Sdn Bhd	Malaysia	Provision of credit facilities	100	100	100
#	Plato-Straits Heritage Properties Sdn Bhd	Malaysia	Dormant	100	100	100
#	Truesource Sdn Bhd	Malaysia	Investment holding	100	100	100
*	Plato Aviation Holdings Limited	British Virgin Islands	Aviation and investment holding	100	100	100
*	Monteco Holdings Limited	British Virgin Islands	Development and operation of hotel	60	60	60
*	Asian Strategic Investments Group Limited	British Virgin Islands	Investment holding	100	100	100
@	Plato Hong Kong Limited	Hong Kong	Investment holding	100	100	100
++	PKTech India Private Limited	India	Struck-off during the year	–	99.99	99.99
##	PT PKTech Indonesia	Indonesia	Dormant	100	100	100
@	Ormond (HK) Limited	Hong Kong	Investment holding	100	100	–
*	Plato Capital Holdings Limited	British Virgin Islands	Investment holding	100	–	–
+	TP Real Estate Holdings Pte Ltd ("TPRE") **	British Virgin Islands	Investment holding	100	–	–

(in Singapore Dollars) continued

13. Investment in subsidiaries (cont'd)

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

	Name of subsidiaries	Country of incorporation	Principal activities	Percentage of interest held by the Group 31.12.18 %	31.12.17 %	1.1.17 %
	Held through the subsidiaries:					
#	Plato Solutions Sdn Bhd	Malaysia	Provision of systems integration related activities and eCommerce systems and services	100	100	100
#	Plato Management Sdn Bhd	Malaysia	Provision of management services	100	100	100
*	Positive Carry Limited ("Positive Carry")	British Virgin Islands	Investment holding	70	75.93	75.93
#	Positive Carry Sdn Bhd	Malaysia	Investment holding	70	75.93	75.93
*	Plato Capital Investment Fund	Cayman Islands	Investment fund	100	100	100
*	Monteco Dublin Management Limited	British Virgin Islands	Investment holding	60	–	–

Notes:

+ Audited by Ernst & Young LLP, Singapore.
# Audited by member firm of EY Global in Malaysia.
@ Audited by RSM Nelson Wheeler, Hong Kong.
* Not required to be audited under laws of the countries of incorporation.
No auditors were appointed.
++ The Company has been struck off during the year.
** TPRE was previously a joint venture of the Group. The Company acquired the remaining shares in TPRE during the year following which TPRE became a subsidiary of the Company. Details of the subsidiaries of TPRE are disclosed in Note 14.

(in Singapore Dollars) continued

13. Investment in subsidiaries (cont'd)

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

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

Name of subsidiaries	Principal place of business	Proportion of ownership interest held by non-controlling interest	(Loss)/profit allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
		%	$	$
31 December 2018:				
Monteco	British Virgin Islands	40	(541,024)	939,910
Positive Carry	British Virgin Islands	30	694,024	1,529,352
			153,000	2,469,262
31 December 2017:				
Monteco	British Virgin Islands	40	(40,011)	1,523,498
Positive Carry	British Virgin Islands	24.07	392,324	896,061
			352,313	2,419,559
1 January 2017:				
Monteco	British Virgin Islands	40	(26,851)	1,485,256
Positive Carry	British Virgin Islands	24.07	323,966	778,916
			297,115	2,264,172

The proportion of ownership interest held by NCI in Positive Carry has been revised to reflect the effects of the de-recognition of ECM Libra Financial Group ("ECMLIB"). ECMLIB is the NCI in Positive Carry, and was previously an associate of the Group, as disclosed in Note 15.

(in Singapore Dollars) continued

13. Investment in subsidiaries (cont'd)

(c) *Summarised financial information about subsidiaries with material NCI*

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

	Monteco			Positive Carry		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Summarised balance sheets						
Current						
Assets	1,501,283	1,901,875	237,698	2,879,774	2,767,480	2,323,198
Liabilities	(9,697,860)	(3,748,530)	(924,187)	(7,071,372)	(9,170,126)	(9,593,058)
Net current liabilities	(8,196,577)	(1,846,655)	(686,489)	(4,191,598)	(6,402,646)	(7,269,860)
Non-current						
Assets	10,554,653	5,655,402	4,399,631	12,369,724	12,494,534	12,827,832
Liabilities	–	–	–	(2,374,423)	(2,369,157)	(2,321,921)
Net non-current assets	10,554,653	5,655,402	4,399,631	9,995,301	10,125,377	10,505,911
Net assets	2,358,076	3,808,747	3,713,142	5,803,703	3,722,731	3,236,051
Summarised statements of comprehensive income						
Revenue	–	–	18,914	–	–	–
(Loss)/profit before tax	(1,352,559)	(105,661)	(59,522)	2,494,962	1,629,929	1,345,932
Income tax credit/ (expense)	–	5,633	(7,605)	–	–	–
(Loss)/profit after tax	(1,352,559)	(100,028)	(67,127)	2,494,962	1,629,929	1,345,932
Other comprehensive (loss)/income	(98,112)	195,633	(55,602)	(223,516)	(1,143,249)	(826,966)
Total comprehensive (loss)/income	(1,450,671)	95,605	(122,729)	2,271,446	486,680	518,966
Other summarised information						
Net cash flows (used in)/ generated from operations	(1,352,559)	(105,661)	(59,522)	1,122,760	1,201,144	(87,915)

(d) *Impairment testing of investment in subsidiaries*

During the financial year, management performed an impairment test on the investments in Plato Solutions Sdn Bhd ("PSSB"), Plato Capital Sdn Bhd ("PCSB") and Plato Private Limited ("PPL"). The Company had previously written down the investments in PSSB, PCSB and PPL to their recoverable amount based on their respective net assets at the end of the reporting period which approximates the fair value less cost to sell. During the financial year, an incremental impairment loss of $450,000 was recognised (2017: $2,097,178).

(in Singapore Dollars) continued

13. Investment in subsidiaries (cont'd)

(e) ***Additional investment in an existing subsidiary***

During the financial year, the Company has subscribed for an additional 1,800,000 ordinary shares of RM1 (equivalent to $0.34) each in PCSB by way of capitalisation of outstanding advances of RM1,800,000 (equivalent to $609,300) due from PCSB.

(f) ***Incorporation/Acquisition of new subsidiaries***

On 11 June 2018, Monteco Holdings Limited, a 60% owned subsidiary, incorporated a private limited company limited by shares known as Monteco Dublin Management with an issued and paid up share capital of Euro 100 (equivalent to $1.57).

On 28 June 2018, the Group acquired a wholly-owned subsidiary incorporated in the British Virgin Islands known as Plato Capital Holdings Limited with an issued and paid up capital of USD1 for a total consideration of USD1 (equivalent to $1.36).

On 16 May 2018, following certain corporate proposals undertaken by ECMLIB, the Company announced that it had entered into a share transfer agreement with Tune Hotel.Com Limited ("THCL") to acquire 50 shares in TPRE (representing 50% of the interest in TPRE) for a consideration of $50. Consequently, TPRE became a wholly owned subsidiary of the Company.

The completion of the corporate proposals by ECMLIB and the acquisition of the remaining 50% interest in TPRE by the Company resulted in ECMLIB becoming the joint venture partner of the Company, with the Company and ECMLIB each assuming a 50% interest in certain entities which were previously subsidiaries of TPRE, i.e. TP Sepang Sdn Bhd, TP International Pty Limited and Yummy Kitchen Sdn Bhd and a 40% interest in TP Hotel (Flinders) Trust (collectively, "Subject Assets"). The Group's effective interest in the Subject Assets did not change after the corporate proposal and restructuring (Note 14).

The acquisition of TPRE by the Company was solely for the restructuring of the effective interest in the Subject Assets as described above. The main net assets of TPRE and its subsidiaries as at the date of acquisition consisted of the Subject Assets and cash and bank balances.

14. Investment in joint ventures

	Group			Company		
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	$	$	$	$	$	$
Cost	8,360,832	11,426,050	15,515,050	6,343,100	11,426,050	15,515,050
Share of post-acquisition results	13,736,377	23,709,084	11,811,592	–	–	–
Share of other comprehensive loss	(4,494,949)	(3,473,679)	(3,608,817)	–	–	–
	17,602,260	31,661,455	23,717,825	6,343,100	11,426,050	15,515,050

During the prior financial year, the redeemable preference shares of $4,089,000 has been redeemed with the amount due to joint venture. In the current financial year, a further redemption of $5,082,950 was made.

(in Singapore Dollars) continued

14. Investment in joint ventures (cont'd)

The details of the joint ventures are as follows:

	Name of joint venture	Country of incorporation	Principal activities	Effective percentage of interest held by the Group		
				31.12.18	31.12.17	1.1.17
				%	%	%
	Held by the Company:					
+	TP Real Estate Holdings Pte Ltd ("TPRE") ^	Singapore	Investment holding	100	50	50
	Held by TPRE and/or its subsidiaries:					
	TP Melbourne Sdn Bhd	Malaysia	Investment holding	100	50	50
	TP Hotel (Melbourne) Trust	Australia	Dormant	100	50	50
	TP Melbourne Pty Limited	Australia	Dormant	100	50	50
	TP Services (Melbourne) Pty Limited	Australia	Dormant	100	50	50
	TP Edinburgh (BVI) Limited	British Virgin Islands	Investment holding	100	50	50
	TP Hotel (Edinburgh) Limited	British Virgin Islands	Property holding	100	50	50
	Yummy Kitchen Sdn Bhd ("YKSB")	Malaysia	Food catering services	50	50	50
#	TP Hotel (Flinders) Trust ("TPHFT")	Australia	Property holding	40	40	50
	TP International Pty Limited ("TPIPL")	Australia	Trustee of TP Hotel (Flinders) Trust	50	50	50
	TP London (BVI) Limited	British Virgin Islands	Liquidated in the current financial year	–	50	50
	TP Services (Edinburgh) Limited	United Kingdom	Previously hotel operation, now dormant	100	50	50
	TP Sepang Sdn Bhd ("TPSB")	Malaysia	Hotel operation	50	50	50
	TP Colombo Airport (Private) Limited	Sri Lanka	In the process of striking off	100	50	–

(in Singapore Dollars) continued

14. Investment in joint ventures (cont'd)

	Name of joint venture	Country of incorporation	Principal activities	Effective percentage of interest held by the Group		
				31.12.18	31.12.17	1.1.17
				%	%	%
	Held by Truesource Sdn Bhd:					
+	Tune Plato Ventures Sdn Bhd ("TPV")	Malaysia	Investment holding	50	–	–
	Held by TPV:					
	Asiania Ventures Sdn Bhd	Malaysia	Property holding	25	–	–
	TP Subhome Sdn Bhd	Malaysia	Investment holding	50	–	–
	Prompt Business Sdn Bhd	Malaysia	Investment holding	30	–	–

* Audited by Ernst & Young LLP, Singapore.
+ Audited by member firm of EY Global in Malaysia
# On 21 June 2017, 2 new shareholders subscribed for new shares in TP Hotel (Flinders) Trust which resulted in the change of effective interest from 50% to 40% in the prior financial year.
^ TPRE became a wholly owned subsidiary of the Company during the year.

In the prior financial year, TPRE has changed its financial year end from 30 September to 31 December and the adjusted financial statements for the financial period ended 31 December 2017 were used for the purpose of applying the equity method of accounting.

During the year, ECMLIB, a previous associate of the Group, undertook and completed certain corporate proposals (Note 13). As a result, the Company acquired an additional 50% interest in TPRE for a consideration $50, and TPRE became a wholly owned subsidiary of the Company. In turn, previous subsidiaries of TPRE has become its joint ventures.

On 16 May 2018, Plato announced that its wholly owned subsidiary, Truesource Sdn Bhd has formed a joint venture, TPV, in equal proportion (50:50) with ECMLIB. TPV's principal activity is that of investment holding.

The Group's commitments in respect of its interest in the joint ventures are disclosed in Note 32.

The Group's contingent liabilities in respect of its investment in joint ventures are disclosed in Note 33.

On 14 June 2017, TPRE, through its wholly-owned subsidiaries, TP Hotel (Edinburgh) Limited and TP Services (Edinburgh) Limited, completed the sale of property at Haymarket House, Clifton Terrace, Edinburgh and hotel business for a total cash consideration of GBP23.50 million (equivalent to approximately $42.26 million). TPRE recognised a gain of disposal of GBP11.71 million (equivalent to approximately $20.79 million) in the previous financial year as a result of the sale.

Summarised financial information in respect of the Group's material joint ventures and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

(in Singapore Dollars) continued

14. Investment in joint ventures (cont'd)

Summarised balance sheet

	TPRE/Subject Assets^^			TPV##
	31.12.2018	31.12.2017	1.1.2017	31.12.2018
	$	$	$	$
Cash and cash equivalents	5,901,886	19,999,230	7,552,461	982,660
Other current assets	3,121,095	23,444,761	14,364,190	730,569
Total current assets	9,022,981	43,443,991	21,916,651	1,713,229
Non-current assets	38,487,888	40,499,832	59,986,200	5,137,479
Total assets	47,510,869	83,943,823	81,902,851	6,850,708
Trade and other payables and provisions	(2,047,034)	(2,088,488)	(2,895,455)	(2,381,780)
Other current liabilities	(2,176,331)	(2,496,584)	(16,747,374)	–
Total current liabilities	(4,223,365)	(4,585,072)	(19,642,829)	(2,381,780)
Total non-current liabilities	(6,923,826)	(16,076,794)	(14,824,372)	–
Total liabilities	(11,147,191)	(20,661,866)	(34,467,201)	(2,381,780)
Non-controlling interests	–	40,953	–	(709,319)
Net assets	36,363,678	63,322,910	47,435,650	3,759,609
	50%/40%	50%	50%	50%
	15,722,456	31,661,455	23,717,825	1,879,805

The summarised balance sheet of the Subject Assets are as follows:

	TPSB	TPIPL	TPHFT	YKSB	Total
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.2018
	$	$	$	$	$
Cash and cash equivalents	1,291,112	6,441	4,162,642	441,691	5,901,886
Other current assets	1,766,552	1,089	897,617	455,837	3,121,095
Total current assets	3,057,664	7,530	5,060,259	897,528	9,022,981
Non-current assets	18,813,607	–	19,586,631	87,650	38,487,888
Total assets	21,871,271	7,530	24,646,890	985,178	47,510,869
Trade and other payables and provisions	(1,657,246)	(98,156)	(53,059)	(238,573)	(2,047,034)
Other current liabilities	(2,176,331)	–	–	–	(2,176,331)
Total current liabilities	(3,833,577)	(98,156)	(53,059)	(238,573)	(4,223,365)
Total non-current liabilities	(6,922,608)	–	–	(1,218)	(6,923,826)
Total liabilities	(10,756,185)	(98,156)	(53,059)	(239,791)	(11,147,191)
Non-controlling interests	–	–	–	–	–
Net assets	11,115,086	(90,626)	24,593,831	745,387	36,363,678
	50%	50%	40%	50%	50%/40%
	5,557,543	(45,313)	9,837,532	372,694	15,722,456

(in Singapore Dollars) continued

14. Investment in joint ventures (cont'd)

Summarised statement of comprehensive income

	TPRE/Subject Assets^^		TPV##
	31.12.2018	31.12.2017	16.05.2018 ~ 31.12.2018
	$	$	$
Revenue	14,373,384	15,587,631	–
Gain on disposal of properties and hotel businesses	–	20,795,486	–
Interest income	559,948	–	11,412
Depreciation expense	(1,640,253)	(2,031,237)	(7,222)
Other operating expenses, net	(8,388,298)	(8,594,960)	(266,548)
Interest expense	(777,474)	(1,336,459)	–
Profit/(loss) before tax	4,127,307	24,420,461	(262,358)
Income tax expense	(993,098)	(666,963)	–
Profit/(loss) after tax	3,134,209	23,753,498	(262,358)
Non-controlling interest	–	41,486	63,948
Profit/(loss) after tax attributable to owners	3,134,209	23,794,984	(198,410)
Other comprehensive (loss)/income attributable to owners	(2,170,311)	270,276	(77,446)
Total comprehensive income/(loss) attributable to owners	963,898	24,065,260	(275,856)

^^ TPRE became a wholly owned subsidiary of the Company following the restructuring exercise involving ECMLIB and the Company. The summarised financial information as at 31 December 2018 consist of the combined balances of entities which were previously subsidiaries of TPRE. They have become joint ventures of the Group effective from 16 May 2018. The results for the year ended 31 December 2018 consist of the combined results of TPRE and its subsidiaries prior to TPRE becoming a subsidiary of the Group and the results of the Subject Assets from 16 May 2018 to 31 December 2018.

TPV was only incorporated on 16 May 2018, hence there is no comparative amounts. The statement of comprehensive income is for the period from 16 May 2018 to 31 December 2018.

(in Singapore Dollars) continued

14. *Investment in joint ventures (cont'd)*

The summarised statement of comprehensive income of the Subject Assets are as follows:

	TPSB	TPIPL	TPHFT	YKSB	Total
	31.12.2018	31.12.2018	31.12.2018	31.12.2018	31.12.18
	$	$	$	$	$
Revenue	12,122,118	–	–	2,251,266	14,373,384
Gain on disposal of properties and hotel businesses	–	–	–	–	–
Interest income	433,240	–	81,022	45,686	559,948
Depreciation expense	(1,609,421)	–	(194)	(30,638)	(1,640,253)
Other operating expenses, net	(6,115,336)	(44,700)	(542,062)	(1,686,200)	(8,388,298)
Interest expense	(777,474)	–	–	–	(777,474)
Profit/(loss) before tax	4,053,127	(44,700)	(461,234)	580,114	4,127,307
Income tax expense	(833,875)	–	–	(159,223)	(993,098)
Profit/(loss) after tax	3,219,252	(44,700)	(461,234)	420,891	3,134,209
Non-controlling interest	–	–	–	–	–
Profit/(loss) after tax attributable to owners	3,219,252	(44,700)	(461,234)	420,891	3,134,209
Other comprehensive loss attributable to owners	(1,393,926)	(119,674)	(635,112)	(21,599)	(2,170,311)
Total comprehensive income/(loss) attributable to owners	1,825,326	(164,374)	(1,096,346)	399,292	963,898

15. *Investment in associates*

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Shares, at cost	31,097,295	37,742,889	37,387,770
Share of post-acquisition loss	(10,689,445)	(6,299,291)	(5,034,256)
Share of other comprehensive loss	(2,506,546)	(2,438,089)	(1,884,951)
	17,901,304	29,005,509	30,468,563
This consists of:			
Investment in a quoted associate	–	9,480,526	9,209,730
Investment in unquoted associates	17,901,304	19,524,983	21,258,833
	17,901,304	29,005,509	30,468,563
Fair value of investment in an associate for which there is a published price quotation	–	9,890,410	6,224,893

(in Singapore Dollars) continued

15. Investment in associates (cont'd)

The details of the associates are as follows:

	Name of associates	Country of incorporation	Principal activities	Effective percentage of interest held by the Group		
				31.12.18	31.12.17	1.1.17
				%	%	%
	Held through Positive Carry Sdn Bhd:					
*	TYK Capital Sdn Bhd ("TYKC")	Malaysia	Investment holding and provision of management services	18.90	20.50	20.50
	Held through TYKC:					
	Eng Teknologi Holdings Sdn Bhd	Malaysia	Dormant	18.90	20.50	20.50
	Eng Hardware Engineering Sdn Bhd	Malaysia	Renting of properties	18.90	20.50	20.50
	Eng Teknologi Sdn Bhd	Malaysia	Manufacture and sale of precision mechanical components, automation system for computer peripherals and semiconductor industries	18.90	20.50	20.50
	Selekta Inovatif (M) Sdn Bhd	Malaysia	Renting of properties	18.90	20.50	20.50
	Micro Tooling Sdn Bhd	Malaysia	Commenced members' voluntary winding up procedures	18.90	20.50	20.50
	Engtek R & D Sdn Bhd	Malaysia	Struck-off during the prior financial year	–	–	20.50
	Engtek Philippines, Inc. ("ETPI")	Philippines	Facility provider	18.90	20.50	20.50
	Altum Precision Pte. Ltd. ("APS")	Singapore	Investment holding	18.90	20.50	20.50
	Engtek (Thailand) Co., Ltd.	Thailand	Wound up during the prior financial year	–	–	20.50
	Held through ETPI:					
	Engtek Precision Philippines, Inc.	Philippines	Manufacture of precision engineering components and assemblies, precision tools, fixtures, jigs, moulds and dies	18.90	20.50	20.50

(in Singapore Dollars) continued

15. Investment in associates (cont'd)

	Name of associates	Country of incorporation	Principal activities	Effective percentage of interest held by the Group		
				31.12.18	31.12.17	1.1.17
				%	%	%
	Held through APS:					
	Altum Precision Co., Ltd.	Thailand	Manufacture and sale of electronic and computer parts and equipment	18.90	20.50	20.50
	Altum Precision Sdn Bhd	Malaysia	Automated die-casting and precision machining	18.90	20.50	20.50
	Held through Asian Strategic Investments Group Limited/ Plato Capital Sdn Bhd:					
*	Educ8 Group Sdn Bhd ("Educ8")	Malaysia	Investment holding	43.35	44.12	44.10
	Held through Educ8					
	Epsom College Malaysia Sdn Bhd	Malaysia	Operator of preparatory and senior boarding schools	43.35	44.12	44.10
	Spanish Sports Venture Sdn Bhd	Malaysia	Operating soccer clinics	43.35	44.12	–
	Held through TSPL					
*	ECM Libra Financial Group Berhad ("ECMLIB") ++	Malaysia	Investment holding	11.80	19.78	19.78
	Held through ECMLIB ++					
	Libra Invest Berhad	Malaysia	Provision of unit trust and asset management services	–	19.78	19.78
	ECM Libra Partners Sdn Bhd	Malaysia	Provision of credit services	–	19.78	19.78
	ECML Hotels Sdn Bhd	Malaysia	Dormant	–	19.78	–
	ECM Libra Capital Sdn Bhd	Malaysia	Dissolves during the current financial year	–	19.78	19.78

(in Singapore Dollars) continued

15. Investment in associates (cont'd)

Name of associates	Country of incorporation	Principal activities	Effective percentage of interest held by the Group		
			31.12.18	31.12.17	1.1.17
			%	%	%
Held through ECMLIB ++ *(cont'd)*					
ECM Libra Capital Markets Sdn Bhd	Malaysia	Dissolved during the prior financial year	–	–	19.78
ECM Libra Holdings Limited	British Virgin Islands	Liquidated during the prior financial year	–	–	19.78
Libra Strategic Opportunity Fund	Malaysia	Liquidated during the prior financial year	–	–	19.78

* Audited by member firm of EY Global in Malaysia

++ The Group's effective interest in ECMLIB has been diluted to 11.80% during the current year. As a result, ECMLIB has been derecognised as an associate of the Group and the Group's remaining interest is classified as a quoted investment security at FVOCI (Note 16).

Summarised financial information in respect of the Group's associates which are individually material, adjusted for entries to facilitate the equity accounting by the Group, is set out as follows:

Summarised balance sheets

	TYKC			Educ8			ECMLIB	
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017	31.12.2017	1.1.2017
	$	$	$	$	$	$	$	$
Cash and cash equivalents	13,789,090	14,745,580	20,934,965	598,184	1,462,201	4,225,653	6,854,566	7,109,304
Other current assets	39,232,296	36,917,617	31,531,483	4,633,760	3,842,480	4,084,451	21,388,932	20,191,521
Total current assets	53,021,386	51,663,197	52,466,448	5,231,944	5,304,681	8,310,104	28,243,498	27,300,825
Non-current assets	25,943,447	29,774,131	28,762,894	53,723,370	54,914,843	54,081,145	21,445,813	20,900,998
Total assets	78,964,833	81,437,328	81,229,342	58,955,314	60,219,524	62,391,249	49,689,311	48,201,823
Trade and other payables and provisions	(21,073,659)	(18,248,273)	(18,295,880)	(14,595,631)	(5,448,248)	(5,656,381)	(1,519,815)	(1,556,200)
Other current liabilities	(8,622,443)	(10,480,295)	(6,673,498)	(29,928,943)	(38,842,237)	(37,616,952)	(239,637)	(69,626)
Total current liabilities	(29,696,102)	(28,728,568)	(24,969,378)	(44,524,574)	(44,290,485)	(43,273,333)	(1,759,452)	(1,625,826)
Total non-current liabilities	(6,110,242)	(6,423,240)	(8,749,473)	–	–	–	–	(15,178)
Total liabilities	(35,806,344)	(35,151,808)	(33,718,851)	(44,524,574)	(44,290,485)	(43,273,333)	(1,759,452)	(1,641,004)
Net assets	43,158,489	46,285,520	47,510,491	14,430,740	15,929,039	19,117,916	47,929,859	46,560,819
Group's share of net assets, representing the carrying amount of the investment	11,652,793	12,497,091	12,827,832	6,248,511	7,027,892	8,431,001	9,480,526	9,209,730

(in Singapore Dollars) continued

15. *Investment in associates (cont'd)*

Summarised statement of comprehensive income

	TYKC		Educ8		ECMLIB ++	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	01.01.2018 ~ 15.05.2018	31.12.2017
	$	$	$	$	$	$
Revenue	105,625,684	85,006,070	13,332,190	12,998,447	2,543,577	6,675,420
Interest income	155,541	66,075	63,602	–	–	–
Gain on disposal of property, plant and equipment	144,206	–	–	–	1,125,531	–
Depreciation expense	(5,926,243)	(9,482,216)	(1,600,178)	(1,513,480)	(79,382)	(256,719)
Other operating expenses, net	(97,336,435)	(69,011,295)	(13,478,632)	(13,849,592)	(1,978,631)	(5,706,815)
Interest expense	(994,828)	(293,756)	(1,785,072)	(1,997,709)	–	–
Profit/(loss) before tax	1,667,925	6,284,878	(3,468,090)	(4,362,334)	1,611,095	711,886
Income tax expense	(1,441,352)	(1,335,114)	(2,003)	(51,075)	(153,971)	(381,368)
Profit/(loss) after tax	226,573	4,949,764	(3,470,093)	(4,413,409)	1,457,124	330,518
Other comprehensive (loss)/income	(722,752)	(3,532,016)	22,670	442,188	133,553	1,038,525
Total comprehensive (loss)/income	(496,179)	1,417,748	(3,447,423)	(3,971,221)	1,590,677	1,369,043

The summarised statement of comprehensive income above reflects the post-acquisition comprehensive income and excludes the following consolidation adjustments.

Included in the share of results of Educ8 in the current year is a net gain of $276,494, representing the effects of the dilution of the Group's interest from 44.12% to 43.35%. Included in the share of the results of Educ8 in the prior year was an amount of $6,190 representing the impairment of the notional goodwill arising from the acquisition of the incremental interest of 0.02% during the prior financial year, on the basis that the share of the net assets of Educ8 would approximate the recoverable amount in this investment.

++ ECMLIB has been derecognised as an associate on 16 May 2018. The results of ECMLIB reflected for the current year is for the period from 1 January 2018 to 15 May 2018, prior to its derecognition as an associate of the Group.

Investment in TYKC

In 2012, a 70% owned subsidiary of the Group, Positive Carry Sdn Bhd, subscribed for Redeemable Convertible Preference Shares ("RCPS") issued by TYKC with the option to convert the RCPS into a fixed 27% equity interest in TYKC at any time.

In the previous financial year, Positive Carry Sdn Bhd had fully converted the RCPS into ordinary shares of TYKC. The effective interest of the Group in TYKC, after accounting for the share of non-controlling interest was 20.50%. In the current financial year, the effective interest is 18.90%, following the change in the effective share of the non-controlling interest following the derecognition of ECMLIB as an associate of the Group. The Group exercises significant influence by virtues of its representation on the board of directors of TYKC as provided by the shareholders' agreement.

At the reporting date, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain foreign subsidiaries of TYKC. TYKC has determined that these undistributed earnings of the subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised aggregate to $21,442,634 (31 December 2017: $27,791,684, 1 January 2017: $46,365,844). The deferred tax liability is estimated to be $3,216,395 (31 December 2017: $4,168,753, 1 January 2017: $5,772,528). The Group's share of the deferred tax liability is estimated to be $868,427 (31 December 2017: $1,125,563, 1 January 2017: $1,558,583).

(in Singapore Dollars) continued

15. Investment in associates (cont'd)

Investment in Educ8

The Group's cost of investment in Educ8 increased by $438,540 from $21,221,955 to $21,660,495 during the year, following the subscription of rights issued by Educ8. The Group's effective interest in Educ8 however decreased from 44.12% to 43.35% in the current year, following the issuance of certain preference shares by Educ8 to another existing shareholder of Educ8.

Certain associates have entered into term loan agreements with licensed banks in Malaysia which contain covenants that restrict the ability of these associates to declare dividends prior to the full settlement of the term loans.

The Group's contingent liabilities in respect of its investment in associates are disclosed in Note 33.

Investment in ECMLIB

During the year, following the completion of certain proposals undertaken by ECMLIB, the effective interest of the Group in ECMLIB was reduced from 19.78% to 11.8%. Management has assessed that the Group no longer has significant influence over ECMLIB, and accounted for ECMLIB as an equity investment carried at FVOCI (Note 16) instead of an associate.

16. Investment securities

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	$	$
Available-for-sale financial assets			
Unquoted equity securities, at cost	–	648,285	648,285
Accumulated impairment loss	–	(648,284)	(648,284)
	–	1	1
Quoted equity securities at fair value	–	–	266,056
At fair value through profit or loss			
- Equity securities (unit trusts), quoted	301,869	–	–
At fair value through other comprehensive income			
- Equity securities, quoted	5,237,028	–	–
	5,538,897	1	266,057

The investment in unquoted equity securities was previously stated at cost less accumulated impairment as its fair value cannot be determined reliably. Upon the adoption of SFRS(I) 9, this investment was categorised as at fair value through other comprehensive income and the fair value was assessed as $1. This investment was written off during the year.

The quoted equity securities at FVOCI as at 31 December 2018 represent the remaining 11.80% interest in ECMLIB, which was previously an associate of the Group (Note 15).

The fair values of the quoted equity securities are based on closing quoted market prices on the last market day of the financial year (Level 1 of the fair value hierarchy) (Note 34).

The currency profiles of the Group's investment securities are as follows:

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	$	$
Malaysian Ringgit	5,538,897	–	266,056
United States Dollar	–	1	1
	5,538,897	1	266,057

(in Singapore Dollars) continued

17. Trade receivables

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Trade receivables	219,676	196,716	410,761
Loan to a customer	–	–	645,860
	219,676	196,716	1,056,621

Trade receivables are generally on 30 to 90 (31 December 2017: 30 to 90, 1 January 2017: 30 to 90) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The loan to a customer was fully settled during the prior financial year. Interest was charged at 9.62% per annum.

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

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Malaysian Ringgit	204,880	164,669	1,010,048
United States Dollar	4,896	30,150	42,975

Receivables that are past due but not impaired

The Group has trade receivables amounting to $12,220 as at 31 December 2017 and $32,941 as at 1 January 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.12.2017	1.1.2017
	$	$
Past due 3 to 6 months	3,293	24,781
More than 6 months	8,927	8,160
	12,220	32,941

Receivables that are impaired

There were no receivables that are impaired. Consequently, no allowance account has been presented.

Expected credit losses

No movement in allowance for expected credit losses of trade receivables and contract assets has been presented as there is no expected credit loss computed based on lifetime ECL.

(in Singapore Dollars) continued

18. *Other receivables and deposits*

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Sundry deposits	23,730	22,645	22,216
Interest income accrued	–	1,302	1,322
Sundry receivables	382,368	20,429	1,646
	406,098	44,376	25,184

Other receivables and deposits denominated in foreign currencies at 31 December are as follows:

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Malaysian Ringgit	30,238	30,250	22,973
Euro	3,377	11,701	1,868
United States Dollar	–	2,087	–
British Pound	38,036	–	–
Others	316	338	343

Other receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Sundry receivables	389,745	27,806	1,646
Less: Allowance for impairment	(7,377)	(7,377)	–
	382,368	20,429	1,646

Movement in the allowance account:

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
At 1 January	7,377	–	–
Charge for the year	–	7,377	–
At 31 December	7,377	7,377	–

19. *Amounts due from/(to) subsidiaries*

The amounts due from/(to) subsidiaries are non-trade related, unsecured, interest-free, repayable on demand and are expected to be settled in cash. Certain balances due from subsidiaries for which no repayment are expected have been assessed as "quasi-equity" have been reflected as part of the investment in subsidiaries during the year (Note 14).

(in Singapore Dollars) continued

20. *Cash and cash equivalents*

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Cash at banks and on hand	9,609,412	2,908,113	1,133,154	214,917	113,752	302,239
Short-term deposits	647,394	1,413,294	2,996,876	–	1,266,289	755,742
	10,256,806	4,321,407	4,130,030	214,917	1,380,041	1,057,981

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 30 days (31 December 2017: between 1 day and 30 days, 1 January 2017: between 1 day and 30 days), depending on the between immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The range of effective interest rates as at 31 December 2018 for the Group was 0.18% to 3.45% (31 December 2017: 0.60% to 3.50% , 1 January 2017: 0.40% to 3.20%) per annum.

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Malaysian Ringgit	1,183,588	916,836	2,738,490	–	–	–
United States Dollar	22,355	1,287,518	810,657	–	1,267,300	756,244
Hong Kong Dollar	21,755	6,251	9,612	–	–	–
Euro	1,494,712	1,959,422	242,451	–	2,535	11,403
British Pound	7,143,485	1,991	7	–	–	–
Others	28,189	36,657	35,047	5,442	5,006	5,019

21. *Trade payables*

Trade payables are non-interest bearing and are normally settled on 60 (31 December 2017: 60; 1 January 2017: 60) days term.

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

	Group		
	31.12.2018	31.12.2017	1.1.2017
	$	$	$
Malaysian Ringgit	21,923	36,902	–
British Pound	46,028	–	–
United States Dollar	34,744	62,693	147,707
	102,695	99,595	147,707

(in Singapore Dollars) continued

22. *Other payables and accruals*

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Other payables	2,283,598	176,336	52,639	370	16,237	3,884
Amount due to a substantial shareholder	–	–	221,466	–	–	–
Amount due to non-controlling interest of a subsidiary controlled by a substantial shareholder	3,036,523	1,448,604	181,248	–	–	–
Deposits received from customers	475	474	11,372	–	–	–
Accrued staff expenses, bonuses and benefits	192,142	167,015	138,061	–	–	147
Accruals for directors' fees	89,000	89,000	89,000	89,000	89,000	89,000
Other accrued expenses	275,894	382,816	404,567	120,166	119,900	101,479
	5,877,632	2,264,245	1,098,353	209,536	225,137	194,510

Included in other payables are accruals for cost of $1,534,364 (2017: Nil) capitalised within property, plant and equipment (Note 11).

The amounts due to a substantial shareholder and non-controlling interest of a subsidiary are unsecured, interest-free and repayable on demand. The balance during the year relates to advances made for the ongoing planned redevelopment of the hotel properties of a subsidiary (Note 11).

Other payables and accruals denominated in foreign currencies at 31 December are as follows:

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Malaysian Ringgit	478,186	392,669	453,282	–	2,113	2,113
Euro	5,060,492	1,514,707	407,128	–	–	–
British Pound	48,558	–	–	–	–	–
Others	21,466	107,964	22,596	–	–	–

23. *Amount due to joint venture*

The amount due to joint venture is non-trade related, unsecured, interest-free and repayable on demand.

24. *Loans and borrowings*

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Revolving credits (current)	4,948,300	5,595,614	6,135,670	–	–	–
RCULS (non-current)	5,426,940	5,083,762	4,762,285	5,426,940	5,083,762	4,762,285
	10,375,240	10,679,376	10,897,955	5,426,940	5,083,762	4,762,285

24. Loans and borrowings (cont'd)

Revolving credits

The effective interest rates range from 6.25% to 6.67% (31 December 2017: 6.01% to 6.41%, 1 January 2017: 5.61% to 6.51%) per annum and are rolled over for periods ranging from 6 to 12 months (31 December 2017: from 6 to 12 months, 1 January 2017: 6 to 12 months). The effective interest rates range between 1.50% to 2.25% (31 December 2017: 1.50% to 2.25%, 1 January 2017: 1.50% to 2.25%) plus cost of funds.

Revolving credits are obtained by subsidiaries of the Company, secured by corporate guarantee by the Company and personal guarantee by Mr LKO.

The revolving credits are denominated in Malaysian Ringgit.

RCULS

The 100 RCULS each with a principal amount of $100,000, amounting to $10,000,000 due in 2021, were issued on 27 May 2016 ("Date of Issue") to Mr LKO, a director and substantial shareholder of the Group.

The RCULS may be converted into, validly allotted and issued, fully-paid and unencumbered ordinary shares in the share capital of the Company at the conversion price of $0.13 price per ordinary share to be issued, at the option of Mr LKO at any time up to one month prior to the Maturity Date (defined as 60 months from the Date of Issue).

The interest on the RCULS of 0.5% per annum on the principal amount is payable on the Maturity Date. The interest may, at the discretion of Mr LKO, be satisfied fully either in cash or through the allotment of shares by the Company at the discretion of Mr LKO.

The RCULS which are not converted by Mr LKO on or prior to the Maturity Date shall be redeemed by the Company at 100% of the principal amount of the RCULS together with the interest.

On 15 July 2016, Mr LKO has elected to convert 38 RCULS valued at $3,800,000 and accrued interest of $2,499 into ordinary share in the capital of the Company ("New Shares"). An aggregate of 29,249,989 New Shares have been allocated and issued pursuant to the conversion of RCULS ("Conversion").

Following the Conversion, there are 62 RCULS outstanding, convertible into 47,692,307 ordinary shares of the Company.

The carrying amount of the equity and liability components of RCULS at the end of the reporting period is arrived at as follows:

	Group and Company	
	31.12.2018	**31.12.2017**
	$	$
Equity component:		
Face value at 1 January, representing equity component at 31 December	1,164,320	1,164,320
Liability component:		
Liability component at 1 January	5,083,762	4,762,285
Interest charged during the year	343,178	321,477
Liability component at 31 December	5,426,940	5,083,762

(in Singapore Dollars) continued

24. *Loans and borrowings (cont'd)*

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes		
Group	**1 January**	**Cash flows**	**Accretion of interest**	**Foreign exchange movement**	**31 December**
	$	$	$	$	$
2018					
Revolving credits	5,595,614	(657,712)	–	10,398	4,948,300
RCULS	5,083,762	–	343,178	–	5,426,940
Advances from non-controlling interest of a subsidiary controlled by a substantial shareholder	–	3,036,523	–	–	3,036,523
Total	10,679,376	2,378,811	343,178	10,398	13,411,763
2017					
Revolving credits	6,135,670	(660,678)	–	120,622	5,595,614
RCULS	4,762,285	–	321,477	–	5,083,762
Total	10,897,955	(660,678)	321,477	120,622	10,679,376

25. *Deferred tax liabilities*

Deferred tax as at 31 December relates to the following:

	Group and Company				
		Balance sheet		Statement of comprehensive income	
	31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**
	$	$	$	$	$
Deferred tax liabilities:					
RCULS	131,420	189,760	244,411	(58,340)	(54,651)
	131,420	189,760	244,411		
Income tax credit (Note 9)				(58,340)	(54,651)

Unrecognised tax losses and unabsorbed capital allowances

At the end of the reporting period, the Group has tax losses of approximately $4,949,037 (31 December 2017: $4,684,951, 1 January 2017: $4,161,000) and unabsorbed capital allowances of approximately $96,513 (31 December 2017: $82,454; 1 January 2017: $87,000) that are available for offset against future taxable profits 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 and capital allowances are subject to the agreement of the tax authorities and compliance with provisions of the tax legislation of the countries in which the companies operate.

(in Singapore Dollars) continued

26. Amount due to an associate/related party

The amount due to an associate/related party is unsecured, non-interest bearing and is not expected to be repaid within the next twelve months.

Following the dilution of the Group's effective interest in ECMLIB during the year, the amount due to an associate has been reclassified to an amount due to a related party.

Amount due to an associate/related party denominated in foreign currency at 31 December are as follows:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	$	$	$
Malaysian Ringgit	2,374,423	2,369,157	2,321,921

27. Share capital

	Group and Company					
	31.12.2018		**31.12.2017**		**1.1.2017**	
	Number of shares	$	**Number of shares**	$	**Number of shares**	$
Issued and fully paid ordinary shares						
At 1 January	194,701,333	40,875,023	194,701,333	40,875,023	165,451,344	37,148,948
Issue of ordinary shares arising from the RCULS conversion (Note 24)	–	–	–	–	29,249,989	3,726,075
At 31 December	194,701,333	40,875,023	194,701,333	40,875,023	194,701,333	40,875,023

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

The new shares issued arising from the RCULS conversion rank pari passu in all respects with the ordinary shares in issue, except for any dividends, rights, allotments or other distributions, the record date of which is prior to the issue and allotment of the new shares.

(in Singapore Dollars) continued

28. Fair value and other reserves

	Fair value reserve	Capital reserve	Share-based payments reserve	Equity component of RCULS	Total
	$	$	$	$	$
Group					
At 1 January 2018 (FRS framework)	83,696	43,159	831,573	1,164,320	2,122,748
Cumulative effects of adopting SFRS(I)	(648,284)	–	–	–	(648,284)
At 1 January 2018 (SFRS(I) framework)	(564,588)	43,159	831,573	1,164,320	1,474,464
Other comprehensive income:					
Share of fair value reserve for financial assets of an associate	26,416	–	–	–	26,416
Fair value loss on quoted equity investment at FVOCI	(1,628,348)	–	–	–	(1,628,348)
Reclassification to profit or loss upon de-recognition of an associate	(153,271)	–	–	–	(153,271)
Transaction with owners:					
Effects of share options and share awards	–	–	207,260	–	207,260
Others:					
Transfer of fair value reserve of equity investment at FVOCI written off during the year	648,284	–	–	–	648,284
At 31 December 2018	(1,671,507)	43,159	1,038,833	1,164,320	574,805
At 1 January 2017 (FRS and SFRS(I) Framework)	55,329	43,159	396,502	1,164,320	1,659,310
Other comprehensive income:					
Share of fair value reserve of an associate	28,367	–	–	–	28,367
Transaction with owners:					
Effects of share options and share awards	–	–	435,071	–	435,071
At 31 December 2017	83,696	43,159	831,573	1,164,320	2,122,748

	Share-based payments reserve	Equity component of RCULS	Total
	$	$	$
Company			
At 1 January 2018 (FRS and SFRS(I) framework)	831,573	1,164,320	1,995,893
Transaction with owners:			
Effects of share options and share awards	207,260	–	207,260
At 31 December 2018	1,038,833	1,164,320	2,203,153
At 1 January 2017 (FRS and SFRS(I) framework)	396,502	1,164,320	1,560,822
Transaction with owners:			
Effects of share options and share awards	435,071	–	435,071
At 31 December 2017	831,573	1,164,320	1,995,893

28. Fair value and other reserves (cont'd)

(a) ***Fair value reserve***

The fair value reserve represents the cumulative fair value changes, net of tax, of investments at FVOCI until they are disposed of.

(b) ***Capital reserve***

This reserve arose from the acquisition of non-controlling interest of subsidiaries, which are accounted as equity transactions.

(c) ***Share-based payments reserve***

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to the Directors and eligible employees as part of their remuneration, as disclosed in Note 6.

(d) ***Equity component of RCULS***

This represents the residual amount of the RCULS after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from the RCULS.

29. Foreign currency translation reserve

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

30. Related party transactions

(a) ***Significant transactions between the Group and related parties***

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 with terms agreed between the parties during the financial year:

	Group	
	2018	**2017**
	$	$
Rental expenses paid to ECMLIB, a company in which a substantial shareholder has interest	46,444	44,867
RCULS interest payable to Mr LKO	31,000	49,600

(in Singapore Dollars) continued

30. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	2018	2017
	$	$
Directors' fees	178,000	178,000
Short-term employee benefits	795,020	663,693
Defined contribution plans	71,275	60,552
Total compensation paid to key management personnel	1,044,295	902,245
Comprise amounts paid to:		
- Directors of the Company	573,836	546,111
- Other key management personnel	470,459	356,134
	1,044,295	902,245

In addition to the amounts paid to the Directors of the Company and key management personnel above, the share-based payments expense in relation to the share options and share awards granted to the Directors of the Company and other key management personnel amounted to $148,380 (2017: $317,516) and $58,880 (2017: $117,555) respectively.

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

31. Operating lease commitments - as lessee

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

	Group	
	2018	2017
	$	$
Not later than one year	27,891	26,273
	27,891	26,273

The operating lease commitment is based on existing rates. The lease agreement provides a periodic revision of such rates in the future.

Rentals are fixed for an average of 1 to 3 years with no provision for contingent rent and an option to renew the lease after the expiry of the current lease period.

(in Singapore Dollars) continued

32. Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2018	**2017**
	$	$
Approved and contracted for in respect of property, plant and equipment:-		
- subsidiary	–	1,025,532
- share of joint ventures' capital commitments	292,775	514,607
	292,775	1,540,139

33. Contingent liabilities

Proportionate guarantee

The Company has provided the following guarantees at the end of the reporting period:

- a proportionate guarantee for a principal sum of up to $9.5 million (31 December 2017: $9.5 million; 1 January 2017: $9.3 million) in relation to a term loan facility granted by a licensed bank to Epsom College Malaysia Sdn Bhd ("Epsom"), a subsidiary of an associate.

- a proportionate guarantee for a principal sum of up to $8.6 million (31 December 2017: $8.6 million; 1 January 2017: $8.4 million) in relation to a term loan facility and a bank guarantee facility of up to $0.46 million (31 December 2017: $0.44 million; 1 January 2017: $0.44 million) granted by a licensed bank to TP Sepang Sdn Bhd, a subsidiary of a joint venture.

As at 31 December 2018, Epsom has not been able to comply with a covenant of the term loan which requires certain financial debt ratios to be maintained. The Group has assessed and concluded that there is no indication that the proportionate guarantee would be called given that the term loan is also secured over the freehold land and buildings of Epsom which have been valued by professional valuer to be higher than the loan amount.

Continuing financial support

As at the end of the financial year, the Company has given undertakings to provide continuing financial support to certain subsidiaries to enable them to operate on a going concern basis and to meet their obligations as and when they fall due for at least 12 months from the end of financial year.

At the end of the financial year, these subsidiaries had capital deficiencies totalling $18,030,636 (31 December 2017: $14,832,617; 1 January 2017: $14,692,318) including amounts due from the subsidiaries to the Company totalling $11,055,976 (31 December 2017: $19,133,596; 1 January 2017: $19,644,820).

In the opinion of the Directors, no loss is anticipated from these contingent liabilities.

(in Singapore Dollars) continued

34. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises 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 than 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 only assets which are measured at fair value in accordance with the fair value hierarchy above are the investments securities of the Group (Note 16). The fair values of the quoted equity securities are based on closing quoted market prices on the last market day of the financial year (Level 1 of the fair value hierarchy).

The Group does not have any liabilities which are measured at fair value in accordance with the fair value hierarchy above. Consequently, a tabular analysis of the assets and liabilities measured at fair value has not been presented.

(c) *Level 3 fair value measurements*

None of the financial assets and liabilities of the Group was measured using significant unobservable inputs (Level 3) as at 31 December 2018.

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

The following are classes of financial assets and financial liabilities that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value:

	Note
Trade and other receivables	17 & 18
Amounts due from/(to) subsidiaries	19
Cash and cash equivalents	20
Trade and other payables	21 & 22
Amount due to joint venture	23
Loans and borrowings	24
Amount due to an associate/related party	26

The carrying amounts of these financial assets and liabilities are a 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 reporting date or the present value of the non-current liabilities is not material.

Included in loans and borrowings is the carrying amount of the liability portion of the RCULS carried at amortised cost, which fair value at inception was initially estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing. As there have been no significant changes in the discount rate used as at inception as compared to the prevailing borrowing rates at year end, it has been assessed that the carrying amount of the RCULS liability portion would be a reasonable approximation of its fair value.

(in Singapore Dollars) continued

34. Fair value of assets and liabilities (cont'd)

(e) Classification of financial instruments

	Group			Company		
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	$	$	$	$	$	$
Financial assets						
Unquoted equity securities, at cost	–	1	1	–	–	–
Equity securities at fair value through profit or loss	301,869	–	266,056	–	–	–
Equity securities at fair value through other comprehensive income	5,237,028	–	–	–	–	–
Total financial assets at fair value	5,538,897	1	266,057	–	–	–
Trade receivables	219,676	196,716	1,056,621	–	–	–
Other receivables and deposits	406,098	44,376	25,184	–	–	–
Amounts due from subsidiaries	–	–	–	11,055,976	19,133,596	19,644,820
Cash and cash equivalents	10,256,806	4,321,407	4,130,030	214,917	1,380,041	1,057,981
Total financial assets measured at amortised cost	10,882,580	4,562,499	5,211,835	11,270,893	20,513,637	20,702,801
Financial liabilities						
Trade payables	102,695	99,595	147,707	–	–	–
Other payables and accruals	5,877,632	2,264,245	1,098,353	209,536	225,137	194,510
Amounts due to subsidiaries	–	–	–	4,231,202	1,725,635	1,598,379
Loans and borrowings	10,375,240	10,679,376	10,897,955	5,426,940	5,083,762	4,762,285
Amount due to joint venture	748,987	6,369,400	9,172,181	1,056,556	6,139,557	9,172,181
Amount due to an associate	–	2,369,157	2,321,921	–	–	–
Amount due to a related party	2,374,423	–	–	–	–	–
Total financial liabilities measured at amortised cost	19,478,977	21,781,773	23,638,117	10,924,234	13,174,091	15,727,355

35. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Directors review and agree policies and procedures for the management of these risks, which are executed by the management. The Audit Committee provides independent oversight to the effectiveness of the risk management process. 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 has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

35. Financial risk management objectives and policies (cont'd)

(a) 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 (including amounts due from subsidiaries and joint venture). For other financial assets (including investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy to enter into transactions with creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that the goods sold and services rendered are to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The trade and other receivables represent the Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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, within 60 days when they fall due.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the company 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 forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- 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
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.
- Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

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

- There is 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

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 company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group has not provided any lifetime expected credit losses ("ECL") for trade receivables and contract assets as based on the Group's historical trend, there were no significant default events observed or incurred.

(in Singapore Dollars) continued

35. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk*** *(cont'd)*

Excessive risk concentration

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

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- A nominal amount of up to RM28.7 million (equivalent to approximately $9.5 million) (31 December 2017: RM28.7 million (equivalent to approximately $9.5 million); 1 January 2017: RM28.7 million (equivalent to approximately $9.3 million)) relating to a corporate guarantee provided by the Group to the banks on an associate's term loan facility.

- A nominal amount of up to RM26.0 million (equivalent to approximately $8.6 million) (31 December 2017: RM26.0 million (equivalent to approximately $8.6 million); 1 January 2017: RM28.7 million (equivalent to approximately $8.4 million)) and up to RM1.4 million (equivalent to approximately $0.46 million) (31 December 2017: RM1.4 million (equivalent to approximately $0.44 million); 1 January 2017: RM1.4 million (equivalent to approximately $0.44 million)) relating to a corporate guarantee provided by the Group to the banks on its joint venture's term loan facility and bank guarantee facility respectively.

- A nominal amount of RM15.0 million (equivalent to approximately $4.9 million) (31 December 2017: RM17.0 million (equivalent to approximately $5.6 million); 1 January 2017: RM19.0 million (equivalent to approximately $6.1 million)) relating to a corporate guarantee provided by the Company to a bank on its subsidiaries' revolving credits.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group					
	31.12.2018		**31.12.2017**		**01.01.2017**	
	$	% of total	$	% of total	$	% of total
By country:						
Malaysia	215,119	98	164,669	84	1,010,048	96
Singapore	3,372	2	1,897	1	3,598	–
Other countries	1,185	–	30,150	15	42,975	4
	219,676	100	196,716	100	1,056,621	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents and available-for-sale financial assets that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(in Singapore Dollars) continued

35. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk*** *(cont'd)*

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables) and Note 18 (Other receivables and deposits).

(b) ***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 operational flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with different banks. The Group has RM15.0 million (equivalent to approximately $4.9 million) of credit facilities, which is fully utilised as at the end of the reporting period. Mr LKO has provided a commitment to the Group to continue to provide and not withdraw his personal guarantee to the banks for at least one year period from the date of the financial statements so as to enable the Group to have continuous access to these facilities to meet liquidity needs. The Directors are also of the view that the Group will be able to secure additional borrowings by securing its long-term assets which are currently unencumbered.

In addition, the Directors are of the view that the Group is in a position to raise funds from capital markets and financial institutions and balance its portfolio with some short term funding. The Group ensures availability of funds through an adequate amount of cash and where necessary, fund raising exercises can be considered via rights issues, private placements, or equity-related exercises.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability of sufficient balance of cash.

Management monitors expected cash flow based on a rolling forecast of the Group's liquidity reserve which comprises of cash and cash equivalents.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	One to five years	Over five years	Total
	$	$	$	$
Group				
2018				
Financial assets:				
Trade receivables	219,676	–	–	219,676
Other receivables and deposits	406,098	–	–	406,098
Cash and cash equivalents	10,256,806	–	–	10,256,806
Total undiscounted financial assets	10,882,580	–	–	10,882,580

(in Singapore Dollars) continued

35. *Financial risk management objectives and policies (cont'd)*

(b) ***Liquidity risk*** *(cont'd)*

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

	One year or less $	One to five years $	Over five years $	Total $
Group				
2018 *(cont'd)*				
Financial liabilities:				
Financial guarantees**	(18,540,000)	–	–	(18,540,000)
Trade payables	(102,695)	–	–	(102,695)
Other payables and accruals	(5,877,632)	–	–	(5,877,632)
Amount due to joint venture	(748,987)	–	–	(748,987)
Loans and borrowings	(5,264,497)	(6,355,000)	–	(11,619,497)
Amount due to a related party	–	–	(2,374,423)	(2,374,423)
Total undiscounted financial liabilities	(30,533,811)	(6,355,000)	(2,374,423)	(39,263,234)
Total net undiscounted financial liabilities	(19,651,231)	(6,355,000)	(2,374,423)	(28,380,654)
2017				
Financial assets:				
Trade receivables	196,716	–	–	196,716
Other receivables and deposits	44,376	–	–	44,376
Cash and cash equivalents	4,321,407	–	–	4,321,407
Total undiscounted financial assets	4,562,499	–	–	4,562,499
Financial liabilities:				
Financial guarantees**	(18,540,000)	–	–	(18,540,000)
Trade payables	(99,595)	–	–	(99,595)
Other payables and accruals	(2,264,245)	–	–	(2,264,245)
Amount due to joint venture	(6,369,400)	–	–	(6,369,400)
Loans and borrowings	(5,941,126)	(6,355,000)	–	(12,296,126)
Amount due to an associate	–	–	(2,369,157)*	(2,369,157)
Total undiscounted financial liabilities	(33,214,366)	(6,355,000)	(2,369,157)	(41,938,523)
Total net undiscounted financial liabilities	(28,651,867)	(6,355,000)	(2,369,157)	(37,376,024)

* Not expected to be repaid in the near future and timing of repayment cannot be estimated reliably (Note 26).

** This represents the maximum amount of the proportionate guarantee in relation to term loan facilities granted by licensed banks to an associate and joint venture, in the event the bank calls for repayment, as disclosed in Note 33.

(in Singapore Dollars) continued

35. *Financial risk management objectives and policies (cont'd)*

(b) ***Liquidity risk*** *(cont'd)*

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

	One year or less $	One to five years $	Over five years $	Total $
Company				
2018				
Financial assets:				
Amounts due from subsidiaries	11,055,976	–	–	11,055,976
Cash and cash equivalents	214,917	–	–	214,917
Total undiscounted financial assets	11,270,893	–	–	11,270,893
Financial liabilities:				
Financial guarantees*	(23,454,943)	–	–	(23,454,943)
Other payables and accruals	(209,536)	–	–	(209,536)
Amounts due to subsidiaries	(4,231,202)	–	–	(4,231,202)
Amount due to joint venture	(1,056,556)	–	–	(1,056,556)
Loans and borrowings	–	(6,355,000)	–	(6,355,000)
Total undiscounted financial liabilities	(28,952,237)	(6,355,000)	–	(35,307,237)
Total net undiscounted financial liabilities	(17,681,344)	(6,355,000)	–	(24,036,344)
2017				
Financial assets:				
Amounts due from subsidiaries	19,133,596	–	–	19,133,596
Cash and cash equivalents	1,380,041	–	–	1,380,041
Total undiscounted financial assets	20,513,637	–	–	20,513,637
Financial liabilities:				
Financial guarantees*	(24,135,614)	–	–	(24,135,614)
Other payables and accruals	(225,137)	–	–	(225,137)
Amounts due to subsidiaries	(1,725,635)	–	–	(1,725,635)
Amount due to joint venture	(6,139,557)	–	–	(6,139,557)
Loans and borrowings	–	(6,355,000)	–	(6,355,000)
Total undiscounted financial liabilities	(32,225,943)	(6,355,000)	–	(38,580,943)
Total net undiscounted financial liabilities	(11,712,306)	(6,355,000)	–	(18,067,306)

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand payment of cash as there is no default on the borrowings obtained by the subsidiaries, associates and joint ventures, other than as disclosed in Note 33. In the analysis above, the maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

(in Singapore Dollars) continued

35. Financial risk management objectives and policies (cont'd)

(c) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (31 December 2017: less than 6 months; 1 January 2017: less than 6 months) from the end of the reporting period.

The Group's policy is to manage interest cost using floating rate loans and borrowings, depending on the liquidity needs of the Group, with the objective of ensuring that there is sufficient net cash for the Group's operations at reasonable interest rates. The Group's revolving credit facilities provide the Group with the flexibility to roll its loans and borrowings over a period of 1 to 12 months. The interest rates are determined based on ranges between 1.50% to 2.25% (31 December 2017: 1.50% to 2.25%; 1 January 2017: 1.50% to 2.25%) plus cost of funds.

Sensitivity analysis for interest rate risk

The sensitivity analysis below was determined based on the exposure to interest rate risks for short-term deposits and bank borrowings at the end of the financial year. The sensitivity analysis assumes an instantaneous 0.50% change in the interest rate from the end of the financial year, with all variables held constant.

	Group Profit before tax Increase/(Decrease)	
	2018	**2017**
	$	$
Short-term deposits		
Increase in interest rate	3,237	7,066
Decrease in interest rate	(3,237)	(7,066)
Bank borrowings		
Increase in interest rate	(24,742)	(27,978)
Decrease in interest rate	24,742	27,978

(d) ***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 Group entities, primarily Malaysian Ringgit ("RM"). The foreign currencies in which these transactions are denominated are mainly RM. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The foreign currency balances are disclosed in Note 20.

The Group's policy is to manage all its foreign financial assets and liabilities using the best available foreign currency exchange rates through natural hedges arising from a matching sale, purchase or a matching of assets and liabilities of the same currency and amount. The Group does not use any derivative financial instruments to hedge these exposures.

35. Financial risk management objectives and policies (cont'd)

(d) ***Foreign currency risk*** *(cont'd)*

Sensitivity analysis for foreign currency risk

The following table details the Group's sensitivity to a 10% change in Singapore Dollar ("SGD"), Malaysian Ringgit ("RM") and United States Dollar ("USD") and against the respective functional currencies of the Group entities. The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from the end of financial year, with all variables held constant.

	Group	
	Profit before tax (Decrease)/Increase	
	2018	**2017**
	$	$
SGD		
Strengthens against USD	71,698	(113,272)
Weakens against USD	(71,698)	113,272
Strengthens against RM	(63)	19,125
Weakens against RM	63	(19,125)
Strengthens against EUR	(458,257)	(217,461)
Weakens against EUR	458,257	217,461
Strengthens against GBP	(704,937)	–
Weakens against GBP	704,937	–
RM		
Strengthens against USD	313,600	305,319
Weakens against USD	(313,600)	(305,319)
USD		
Strengthens against RM	78,363	122,103
Weakens against RM	(78,363)	(122,103)
Strengthens against SGD	1,061,063	969,995
Weakens against SGD	(1,061,063)	(969,995)

(e) ***Market price risk***

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Bursa Securities Malaysia Berhad in Malaysia. The Group does not have exposure to commodity price risk.

Further details of these marketable financial assets and their classification can be found in Note 16.

The Group's policy is to invest in a mix of quoted securities from various industries, with the objective of managing market price risk and to derive potential returns from capital appreciation and dividend income streams. Management monitors a rolling forecast of the Group's liquidity reserve which comprises of cash and cash equivalents and marketable securities.

(in Singapore Dollars) continued

35. Financial risk management objectives and policies (cont'd)

(e) **Market price risk** *(cont'd)*

Sensitivity analysis for equity price risk

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of financial year. The sensitivity analysis assumes an instantaneous 10% change in the equity prices from the end of financial year, with all variables held constant.

	Group Equity		
	31.12.2018	**31.12.2017**	**01.01.2017**
	$	$	$
Quoted investment securities	553,890	–	26,606

36. Capital management

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

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

The Group manages its capital structure and makes adjustments 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 2018 and 2017.

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, amount due to joint venture and amount due to an associate less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
	$	$	$
Trade payables	102,695	99,595	147,707
Other payables and accruals	5,877,632	2,264,245	1,098,353
Loans and borrowings	10,375,240	10,679,376	10,897,955
Amount due to joint venture	748,987	6,369,400	9,172,181
Amount due to an associate	–	2,369,157	2,321,921
Amount due to a related party	2,374,423	–	–
Less: Cash and cash equivalents	(10,256,806)	(4,321,407)	(4,130,030)
Net debt	9,222,171	17,460,366	19,508,087
Equity attributable to owners of the Company, representing total capital	40,657,806	46,791,622	37,951,648
Capital and net debt	49,879,977	64,251,988	57,459,735
Gearing ratio	18%	27%	34%

37. *Segment information*

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

The Group has three reportable segments being IT operations, investment activities and corporate and others segments. Segments in Malaysia are generally engaged in IT operations and investment activities while segments classified under Asia and others are engaged in investment, corporate and other activities.

The IT operations segment provides e-Commerce services, system integration related services, and distribution and marketing of computer hardware and software.

The investment activities segment manages investments in quoted and unquoted equity shares including investment in joint venture and associates and performs money lending services.

The corporate and others segment represents head office activities and other non-IT subsidiaries.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

(in Singapore Dollars) continued

37. *Segment information (cont'd)*

Business segments

	IT operations	Investment activities	Corporate and others	Total	Eliminations and adjustments	Consolidated
	$	$	$	$	$	$
Group						
At 31 December 2018						
Revenue						
Sales to external customers and total revenue	1,191,510	–	–	1,191,510	–	1,191,510
Results						
Interest income from bank deposits	–	44,466	7,271	51,737	–	51,737
Finance costs	–	(662,229)	–	(662,229)	–	(662,229)
Depreciation of property, plant and equipment	(17,728)	–	–	(17,728)	–	(17,728)
Share of profit from associates and joint venture, net	–	636,691	–	636,691	–	636,691
Segment profit/(loss) before tax	235,115	(3,847,349)	198,633	(3,413,601)	–	(3,413,601)
Assets						
Additions to non-current assets	27,664	7,528,884	–	7,556,548	–	7,556,548
Investment in associates and joint ventures	–	35,503,564	–	35,503,564	–	35,503,564
Segment assets	373,225	59,695,845	2,989,727	63,058,797	–	63,058,797
Segment liabilities	465,627	13,595,487	5,779,195	19,840,309	–	19,840,309

(in Singapore Dollars) continued

37. Segment information (cont'd)

Business segments *(cont'd)*

	IT operations $	Investment activities $	Corporate and others $	Total $	Eliminations and adjustments $	Consolidated $
Group						
At 31 December 2017						
Revenue						
Sales to external customers and total revenue	879,058	4,701	–	883,759	–	883,759
Results						
Interest income from bank deposits	1,325	57,086	7,649	66,060	–	66,060
Finance costs	–	(670,660)	–	(670,660)	–	(670,660)
Depreciation of property, plant and equipment	(17,596)	(652)	–	(18,248)	–	(18,248)
Gain on disposal of available-for-sale financial assets	–	354,149	–	354,149	–	354,149
Share of profit from associates and joint venture, net	–	11,345,989	–	11,345,989	–	11,345,989
Segment (loss)/profit before tax	(579,551)	9,489,416	(490,452)	8,419,413	–	8,419,413
Assets						
Additions to non-current assets	6,206	1,632,631	–	1,638,837	–	1,638,837
Investment in associates and joint venture	–	60,666,964	–	60,666,964	–	60,666,964
Segment assets	421,989	67,496,580	3,380,804	71,299,373	–	71,299,373
Segment liabilities	514,725	15,037,133	6,391,528	21,943,386	–	21,943,386
At 1 January 2017						
Assets						
Additions to non-current assets	7,358	15,091,560	–	15,098,918	–	15,098,918
Investment in associates and joint venture	–	54,186,388	–	54,186,388	–	54,186,388
Segment assets	744,975	60,448,585	3,113,606	64,307,166	–	64,307,166
Segment liabilities	648,436	13,858,385	9,392,002	23,898,823	–	23,898,823

(in Singapore Dollars) continued

37. *Segment information (cont'd)*

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	Group	
	31.12.2018	31.12.2017
	$	$
Revenue		
Total revenue for reportable segments, representing total consolidated revenue	1,191,510	883,759
Profit or loss		
Total profit or loss for reportable segments, representing total consolidated profit before tax	(3,413,601)	8,419,413

	Group		
	31.12.2018	31.12.2017	01.01.2017
	$	$	$
Assets			
Total assets for reportable segments	63,058,797	71,299,373	64,307,166
Tax recoverable	40,000	44,954	51,888
Total consolidated assets	63,098,797	71,344,327	64,359,054
Liabilities			
Total liabilities for reportable segments	19,840,309	21,943,386	23,898,823
Deferred tax liabilities	131,420	189,760	244,411
Total consolidated liabilities	19,971,729	22,133,146	24,143,234

Geographic information

Revenues from external customers

	Malaysia	Asia and others	Consolidated
	$	$	$
31 December 2018			
Sales to external customers and total revenue	1,191,510	–	1,191,510
31 December 2017			
Sales to external customers and total revenue	883,759	–	883,759

The revenue information above is based on the location of the customers. There are no revenues derived from Singapore, the country of domicile of the Company.

(in Singapore Dollars) continued

37. Segment information (cont'd)

Geographic information *(cont'd)*

Location of non-current assets

	Malaysia	Ireland	Consolidated
	$	$	$
31 December 2018			
Non-current assets	19,004	10,546,197	10,565,201
31 December 2017			
Non-current assets	27,155	5,647,102	5,674,257
1 January 2017			
Non-current assets	37,887	4,391,331	4,429,218

Non-current assets consist of property, plant and equipment.

Major customer

In the current year, approximately 37% (2017: 17%) of the revenue from IT operations were derived from a major third party customer.

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 13 March 2019.

Shareholders' Information as at 6 March 2019

SHAREHOLDERS' INFORMATION AS AT 6 MARCH 2019

Number of issued shares	:	194,701,333
Issued and fully-paid capital	:	$41,662,134.95
Class of Shares	:	Ordinary
Voting rights	:	One vote per share

The Company does not hold any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	33	1.77	453	0.00
100 - 1,000	753	40.42	377,421	0.19
1,001 - 10,000	734	39.40	3,126,833	1.61
10,001 - 1,000,000	334	17.93	22,690,293	11.65
1,000,001 AND ABOVE	9	0.48	168,506,333	86.55
TOTAL	**1,863**	**100.00**	**194,701,333**	**100.00**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Lim Kian Onn	-	-	126,492,816[(1)]	64.97

(1) 69,978,516 shares are held by Citibank Nominees Singapore Pte. Ltd. for Bank Julius Baer (Singapore) Ltd for Lim Kian Onn, 28,000,000 shares are held by DBSN Services Pte. Ltd. for A/c JPMorgan Bank Luxembourg SA re JP Morgan Private Bank for Lim Kian Onn and 28,514,300 shares are held by OCBC Securities Pte Ltd for Kenanga Investment Bank Bhd for Lim Kian Onn.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	86,087,810	44.22
2	OCBC SECURITIES PRIVATE LIMITED	28,777,050	14.78
3	DBSN SERVICES PTE. LTD.	28,000,000	14.38
4	NG KOK HIN	8,078,675	4.15
5	ONG PUAY HOON IRENE	7,464,400	3.83
6	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,614,475	1.86
7	MICHELE SHARMINI RASANAYAGAM	3,000,000	1.54
8	LIM KHIANG WEE	1,854,214	0.95
9	DBS NOMINEES (PRIVATE) LIMITED	1,629,709	0.84
10	CHOO THIAM SOON	1,000,000	0.51
11	YIP WEI MUN	680,200	0.35
12	RAFFLES NOMINEES (PTE.) LIMITED	655,700	0.34
13	TAN TSU TSEN (CHEN SHUSHENG)	606,500	0.31
14	RAMESH S/O PRITAMDAS CHANDIRAMANI	551,400	0.28
15	NG TENG SIAK	550,000	0.28
16	UOB KAY HIAN PRIVATE LIMITED	548,800	0.28
17	LIM SENG CHIANG	500,000	0.26
18	FOO CHEK NAM	498,800	0.26
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	491,100	0.25
20	ANG CHIN YEOW (HONG ZHENYAO)	480,000	0.25
	TOTAL	**175,068,833**	**89.92**

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF THE PUBLIC

The Company has complied with Rule 723 of the Catalist Rules as 27.33% of the Company's shares were held in the hands of public as at 6 March 2019.

Disclosure Notice

Disclosure pursuant to Compliance with Note 2 on Section 2 of Appendix 1 of the Singapore Code on Take-overs and Mergers

1. On 27 May 2016, Plato Capital Limited ("**Company**") had issued to Mr Lim Kian Onn, a director and controlling shareholder of the Company ("**Mr LKO**") 0.5% redeemable convertible unsecured loan stocks due 2021 ("**RCULS**"), each with a principal amount of S$100,000 and amounting in aggregate to a principal amount of S$10,000,000 in accordance with the terms and conditions of the RCULS Subscription Agreement dated 19 April 2016 between the Company and Mr LKO ("**RCULS Subscription Agreement**").

RCULS

2. The RCULS may be converted into, validly allotted and issued, fully-paid and unencumbered ordinary shares in the share capital of the Company ("**Shares**"), at the option of Mr LKO, at any time, from and including the respective dates on which they are issued and registered in accordance with the RCULS Subscription Agreement up to the close of business on the day falling one month prior to the Maturity Date ("**Conversion Period**"). "**Maturity Date**" means 60 months from the date of issue of the RCULS.

3. The RCULS will bear interest at the rate of 0.5% per annum on the principal amount of the RCULS ("**Interest**"). Interest shall accrue on a daily basis (without compounding) and is payable on the Maturity Date. Each RCULS shall cease to bear Interest (a) on conversion into Shares (without prejudice to Interest accrued prior to the conversion date), or (b) from the due date for redemption hereof.

4. The Interest may, at the discretion of Mr LKO, be satisfied fully either in (i) cash or (ii) through the issue and allotment of Shares ("**Interest Shares**") by the Company at the discretion of Mr LKO.

5. If Mr LKO elects to receive cash in satisfaction of the Interest, the Interest (including interest on converted and unconverted RCULS) shall only be payable on the Maturity Date.

6. If Mr LKO elects to receive Shares in lieu of cash in satisfaction of the Interest accrued on any RCULS (i) in the case of any RCULS which is to be converted prior to the Maturity Date, such election must be notified to the Company in a conversion notice and (ii) in all other cases, such election shall be notified to the Company by no later than the expiry of the Conversion Period.

7. The price at which each Share shall be issued upon conversion of the RCULS or the Interest is S$0.13 ("**Conversion Price**"). The Conversion Price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the RCULS.

8. The number of Shares to which Mr LKO is entitled on conversion of any RCULS ("**Conversion Shares**") or Interest shall be determined by dividing the aggregate principal amount of the RCULS or Interest (as the case may be) to be converted by the Conversion Price.

Details of the Whitewash Waiver

9. The Securities Industry Council ("**SIC**") had ruled that Mr LKO will incur an obligation to make a general offer under Rule 14 of the Singapore Code on Take-overs and Mergers ("**Code**") by reason of the acquisition of the Conversion Shares and/or the Interest Shares and waived the obligation for Mr LKO to make a mandatory general offer under Rule 14 of the Code as a result of acquisition of the Conversion Shares and/or the Interest Shares pursuant to the terms of the RCULS ("**Whitewash Waiver**"), subject to *inter alia*, (a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the RCULS to Mr LKO, the whitewash resolution by way of poll to waive their rights to receive a general offer from Mr LKO ("**Whitewash Resolution**") and (b) Mr LKO, Ms Quek Siow Leng ("**Ms QSL**"), Ms Lim Kian Fah ("**Ms LKF**") and Mr Lim Khiang Wee ("**Mr LKW**") and parties acting in concert with them ("**Relevant Parties**") and parties not independent of them abstain from voting on the Whitewash Resolution.

10. The Whitewash Waiver may be invalidated if there are any purchases of voting rights by the Relevant Parties prior to the acquisition of the Conversion Shares and/or Interest Shares pursuant to the terms of the RCULS ("**Condition**"), save that:

    (a) (i) notwithstanding the Condition, the Relevant Parties (including without limitation Mr LKO, Mr Gareth Lim and Ms LKF) may acquire Shares pursuant to the Plato Employee Share Option Scheme 2016 ("**Plato ESOS 2016**") and/or the Plato Performance Share Plan 2016 ("**Plato PSP 2016**") after the Whitewash Resolution is approved, provided that only new Shares are acquired while the Whitewash Waiver remains valid; and (ii) the Whitewash Waiver will only apply to the conversion of such number of Conversion Shares and/or Interest Shares that, when added to the acquisition of new Shares pursuant to the Plato ESOS 2016 and/or the Plato PSP 2016, do not exceed the total number of Conversion Shares and/or Interest Shares originally approved by the Shareholders in respect of the Whitewash Resolution; and

    (b) notwithstanding the Condition, Mr LKO is free to purchase any number of existing Shares after he holds over 49% of the voting rights of the Company as a result of the acquisition of Conversion Shares and/or Interest Shares on the terms of the RCULS and the acquisition of new Shares pursuant to the Plato ESOS 2016 and/or the Plato PSP 2016. However, if Mr LKO's interest in the Company subsequently falls below 49% for any reason following such purchase, he will not be able to rely on the Whitewash Waiver for any further acquisition of Shares that triggers an obligation to make a general offer under Rule 14 of the Code; and

11. Prior to the issue of the RCULS, Shareholders independent of Relevant Parties had, at an extraordinary general meeting of the Company held on 20 May 2016, passed an Ordinary Resolution waiving their rights to receive a mandatory general offer from Mr LKO, in the event an obligation to extend such an offer is incurred pursuant to Rule 14 of the Code, as a result of the acquisition of the Conversion Shares and/or the Interest Shares pursuant to the terms of the RCULS ("**Whitewash Resolution**").

12. The acquisition of the Conversion Shares and/or the Interest Shares pursuant to the terms of the RCULS must be completed within five (5) years of the date of issue of the RCULS. Accordingly, the Whitewash Waiver is valid from 27 May 2016 to 26 May 2021. Further details of the RCULS and the Whitewash Waiver are set out in the Company's circular dated 5 May 2016.

<u>Holdings and Interests of the Relevant Parties</u>

13. As at 18 March 2019 ("**LPD**") (being the latest practicable date prior to the disclosure), the Relevant Parties collectively hold or are interested in the following:

    (a) 141,488,624 Shares, representing approximately 72.67 per cent. of all the Shares in issue as at the LPD; and

    (b) convertibles comprising 55,089,040 Shares (including the RCULS, share options and share awards granted by the Company).

14. Save as disclosed above, none of the Relevant Parties holds any voting rights in the Company or instruments convertible into, rights to subscribe for and options in respect of the Shares as at the LPD.

<u>Maximum Potential Interests of the Relevant Parties</u>

15. The Relevant Parties would have a maximum potential interest of 78.15 per cent. in the Company's issued enlarged share capital of 243,585,947 Shares assuming that: (a) Mr LKO exercises and converts all the RCULS and the entire Interest (at the prevailing Conversion Price and assuming no adjustments thereto); and (b) no other holders of either (i) instruments convertible into Shares, (ii) rights to subscribe for Shares or (iii) options in respect of Shares, exercise, subscribe or convert such instruments, rights or options.

16. The Relevant Parties would have a maximum potential interest of 78.70 per cent. in the Company's issued enlarged share capital of 249,790,373 Shares assuming that: (a) Mr LKO exercises and converts all the RCULS and the entire Interest (at the prevailing Conversion Price and assuming no adjustments thereto); (b) all the Shares comprised under the options and share awards granted under the Plato ESOS 2016 and Plato PSP 2016 (assuming no adjustments thereto) are allotted and issued to the Relevant Parties; (c) no other holders of either (i) instruments convertible into Shares, (ii) rights to subscribe for Shares or (iii) options in respect of Shares, exercise, subscribe or convert such instruments, rights or options.

<u>CAUTIONARY STATEMENT</u>

SHAREHOLDERS SHOULD NOTE THAT, HAVING APPROVED THE WHITEWASH RESOLUTION, SHAREHOLDERS HAVE WAIVED THEIR RIGHTS TO RECEIVE A GENERAL OFFER FROM MR LKO AT THE HIGHEST PRICE PAID BY THE RELEVANT PARTIES FOR SHARES IN THE PAST SIX MONTHS PRECEDING THE COMMENCEMENT OF THE OFFER.

SHAREHOLDERS SHOULD ALSO NOTE THAT, HAVING APPROVED THE WHITEWASH RESOLUTION, SHAREHOLDERS COULD BE FORGOING THE OPPORTUNITY TO RECEIVE A GENERAL OFFER FROM ANOTHER PERSON WHO MAY BE DISCOURAGED FROM MAKING A GENERAL OFFER IN VIEW OF THE POTENTIAL DILUTION EFFECT OF THE RCULS.

PLATO CAPITAL LIMITED
(Company Registration No. 199907443M)
(Incorporated in The Republic of Singapore with limited liability)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PLATO CAPITAL LIMITED (the "**Company**") will be held at Melbourne Room, Level 2, Park Regis Singapore, 23 Merchant Road, Singapore 058268 on Wednesday, 10 April 2019 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

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

(Resolution 1)

2. To re-elect Mr Chong Huai Seng retiring by rotation pursuant to Article 107 of the Constitution of the Company.
[See Explanatory Note (i)]

*Mr Chong Huai Seng will, upon re-election as Director of the Company, remain an Independent Director of the Company, the Chairman of the Remuneration Committee and the Nominating Committee and a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"). Mr Chong Huai Seng does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders.*

(Resolution 2)

3. To re-elect Mr Oh Teik Khim retiring by rotation pursuant to Article 107 of the Constitution of the Company.
[See Explanatory Note (i)]

Mr Oh Teik Khim will upon re-election as Director of the Company, remain as an Executive Director of the Company. Mr Oh Teik Khim does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders.

(Resolution 3)

4. To approve the payment of Directors' fees of S$178,000 for the financial year ending 31 December 2019, payable half yearly in arrears on 1 July 2019 and 1 January 2020 (2018: S$178,000).

(Resolution 4)

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 5)

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to allot and issue shares ("Share Issue Mandate")**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

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

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

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

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new Shares arising from the conversion or exercise of any convertible securities outstanding and/or subsisting at the time of the passing of this Resolution;

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

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

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

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law and the Catalist Rules to be held, whichever is earlier.
[See Explanatory Note (ii)]

(Resolution 6)

8. **Authority to issue shares under the Plato Employee Share Option Scheme 2016**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to offer and grant options in accordance with the provision of the Plato Employee Share Option Scheme 2016 ("**Plato ESOS 2016**") ("**Options**") and to allot and issue from time to time such number of ordinary Shares in the capital of the Company as may be required to be issued pursuant to the exercise of Options granted by the Company under the Plato ESOS 2016 (notwithstanding that such allotment and issue may occur after the conclusion of the next Annual General Meeting of the Company), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of ordinary shares to be issued and issuable pursuant to the Plato ESOS 2016, taking into consideration all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, including the awards granted under the Plato Performance Share Plan 2016 ("**Plato PSP 2016**"), shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the date preceding the grant of an Option and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)]

(Resolution 7)

9. **Authority to issue shares under the Plato Performance Share Plan 2016**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to grant awards in accordance with the provision of the Plato PSP 2016 ("**Awards**") and to allot and issue from time to time such number of ordinary Shares in the capital of the Company as may be required to be issued pursuant to the vesting of the Awards granted by the Company under the Plato PSP 2016 (notwithstanding that such allotment and issue may occur after the conclusion of the next Annual General Meeting of the Company), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of ordinary shares to be issued and issuable pursuant to the Plato PSP 2016, taking into consideration all Shares issued and issuable in respect of all options granted or awards granted under any other share incentive schemes or share plans adopted by the Company for the time being in force, including the options granted under the Plato ESOS 2016, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the Awards and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)]

(Resolution 8)

By Order of the Board

Ngiam May Ling
Secretary
Singapore, 26 March 2019

Explanatory Notes:

(i) Information on Mr Chong Huai Seng and Mr Oh Teik Khim can be found on page 33 of this Annual Report.

Please also refer to the Addendum to the Annual Report 2018 on pages 124 to 129 in this Annual Report for the detailed information as required pursuant to Rule 720(5) of the Catalist Rules of SGX-ST.

(ii) Under the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, a share issue mandate approved by shareholders as an ordinary resolution will enable directors of an issuer to issue an aggregate number of new Shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new Shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not be more than 50% of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company.

The proposed Share Issue Mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund-raising exercises or other arrangements or transactions involving the capital of the Company.

The Ordinary Resolution 6 proposed in item 7 above, if passed, is to empower the Directors of the Company to allot and issue Shares in the capital of the Company and/or Instruments. The aggregate number of Shares to be issued pursuant to this Ordinary Resolution 6 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed one hundred per centum (100%) of the issued share capital (excluding treasury shares and subsidiary holdings) of the Company, with a sub-limit of fifty per centum (50%) for shares issued other than on a pro-rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution 6) to shareholders. As at 6 March 2019, the Company did not have treasury shares or subsidiary holdings.

(iii) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to all options granted or awards granted under share incentive schemes or share plans adopted by the Company for the time being in force, up to a number not exceeding in aggregate fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. As at 6 March 2019, the Company did not have treasury shares or subsidiary holdings.

(iv) The Ordinary Resolution 8 in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to all options granted or awards granted under share incentive schemes or share plans adopted by the Company for the time being in force, up to a number not exceeding in aggregate fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. As at 6 March 2019, the Company did not have treasury shares or subsidiary holdings.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting (the "**Meeting**"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

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

3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

4. In view of Section 81SJ(4) of the Securities and Futures Act, Chapter 289 of Singapore, a Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to speak and vote thereat unless his/her name appears in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**") at least seventy-two (72) hours before the meeting. Any Shareholder who is holding his shares via the CDP and whose name is not registered with the CDP seventy-two (72) hours before the meeting will not be entitled to attend and vote at the meeting. Accordingly, even if he deposits his proxy form forty-eight (48) hours before the meeting, his proxy will not be entitled to attend and vote at the meeting.

Personal data privacy:

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

Addendum to the Annual Report 2018

Additional Information on Directors seeking Re-election pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules").

Mr Chong Huai Seng and Mr Oh Teik Khim are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 10 April 2019 ("**AGM**") under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 26 March 2019 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules is as set out below:

NAME OF DIRECTOR	**CHONG HUAI SENG**	**OH TEIK KHIM**
Date of Appointment	12 Sept 2008	31 Oct 2003
Date of Last Re-Appointment (if applicable)	18 Apr 2017	18 Apr 2017
Age	68	64
Country of principal residence	Singapore	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Based on the overall contribution and performance, Board is satisfied and has recommended that Mr Chong Huai Seng be reappointed as the Chairman of the Remuneration Committee and the Nominating Committee respectively and a member of the Audit Committee. The Board considers Mr Chong Huai Seng to be independent for the purpose of Rule 704(7) of the Catalist Rules.	Based on the overall contribution and performance, Board is satisfied and has recommended that Mr Oh Teik Khim be reappointed as Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	Yes As Executive Director, Mr Oh Teik Khim is responsible for the daily operations of the Company.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.)	(i) Independent Director (ii) Remuneration Committee Chairman (iii) Nominating Committee Chairman (iii) Audit Committee Member	(i) Executive Director (ii) Chief Operating Officer (iii) Chief Financial Officer
Professional qualifications	Degree in Polymer Physics (First Class Honours) from University of Manchester	Associate of Institute of Chartered Accountants in England and Wales

NAME OF DIRECTOR	CHONG HUAI SENG	OH TEIK KHIM
Working experience and occupation(s) during the past 10 years	2003 – Current Director The China Art Foundation (BVI) 2004 – Current Director Leading HR Private Limited 2007 – Current Co-Founder/Director The Culture Story Private Limited 2008 – Current Independent Director Plato Capital Limited 2008 – Current Director Plato Private Limited 2012 – Current Director Red Pencil (Singapore) 2014 – Current Director The Artling Private Limited 2018 – Current Director ID Capital Pte Ltd	2003 – Current Executive Director, Chief Operating Officer and Chief Financial Officer Plato Capital Limited
Shareholding interest in the listed issuer and its subsidiaries	Nil[1]	Nil[2]
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries. Conflict of interest (including any competing business).	Nil Nil	Nil Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer.	Yes	Yes

<table>
<tr><th>NAME OF DIRECTOR</th><th>CHONG HUAI SENG</th><th>OH TEIK KHIM</th></tr>
<tr><td colspan="3">Other Principal Commitments* Including Directorships#</td></tr>
<tr><td>* "Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)

Present

Past (for the last 5 years)</td><td>

Director of
(i) The China Art Foundation (BVI);
(ii) Leading HR Private Limited;
(iii) The Culture Story Private Limited;
(iv) Red Pencil (Singapore);
(vi) The Artling Private Limited;
(v) ID Capital Pte Ltd

Nil</td><td>

Nil

Nil</td></tr>
<tr><td colspan="3">Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</td></tr>
<tr><td>(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 partner?</td><td>No</td><td>No</td></tr>
<tr><td>(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 any 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?</td><td>No</td><td>No</td></tr>
</table>

NAME OF DIRECTOR	CHONG HUAI SENG	OH TEIK KHIM
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures 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
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has even been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

NAME OF DIRECTOR	CHONG HUAI SENG	OH TEIK KHIM
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management of conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) Any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) Any entity or business trust which has been investigated for a breach of any law or regulatory requirement that related 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
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

NAME OF DIRECTOR	CHONG HUAI SENG	OH TEIK KHIM
Any prior experience as a director of an issuer listed on the Exchange? (Yes/No) If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable, this is a re-election of a director.	Not applicable, this is a re-election of a director.

Footnotes:

1 Mr Chong Huai Seng has been granted 1,240,885 share options under the Plato Employee Share Option Scheme 2016 ("**Plato ESOS 2016**") and 620,443 share awards under the Plato Performance Share Plan 2016 ("**Plato PSP 2016**"). No share options have been exercised and no share awards have been released and vested since they have been granted.

2 Mr Oh Teik Khim has been granted 1,378,761 share options under the Plato ESOS 2016 and 689,381 share awards under the Plato PSP 2016. No share options have been exercised and no share awards have been released and vested since they have been granted.

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PLATO CAPITAL LIMITED
Company Registration No. 199907443M
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. Pursuant to Section 181(C) of the Companies Act, Chapter 50 of Singapore, a relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF/SRS Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of PLATO CAPITAL LIMITED (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Melbourne Room, Level 2, Park Regis Singapore, 23 Merchant Road, Singapore 058268 on Wednesday, 10 April 2019 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof. All resolutions put to vote at the Meeting shall be decided by way of poll.

No.	Resolutions relating to:	Number of Votes For[(1)]	Number of Votes Against[(1)]
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018		
2	Re-election of Mr Chong Huai Seng as a Director of the Company		
3	Re-election of Mr Oh Teik Khim as a Director of the Company		
4	Approval of Directors' fees amounting to S$178,000 for the financial year ending 31 December 2019, payable half yearly in arrears on 1 July 2019 and 1 January 2020		
5	Re-appointment of Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration		
6	Authority to allot and issue shares (Share Issue Mandate)		
7	Authority to issue shares under the Plato Employee Share Option Scheme 2016		
8	Authority to issue shares under the Plato Performance Share Plan 2016		

[(1)] *If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of ______________________ 2019

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

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

*Delete where inapplicable

Affix Postage Stamp

The Registrar

PLATO CAPITAL LIMITED

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

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   Under Section 181 of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), "relevant intermediary" means:

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

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

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

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.

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

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

PERSONAL DATA PRIVACY:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2019.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

REGISTERED OFFICE

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone : (65) 6536 5355
Facsimile : (65) 6536 1360

BUSINESS OFFICE

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Damansara Heights
50490 Kuala Lumpur
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Facsimile : (603) 2092 2829