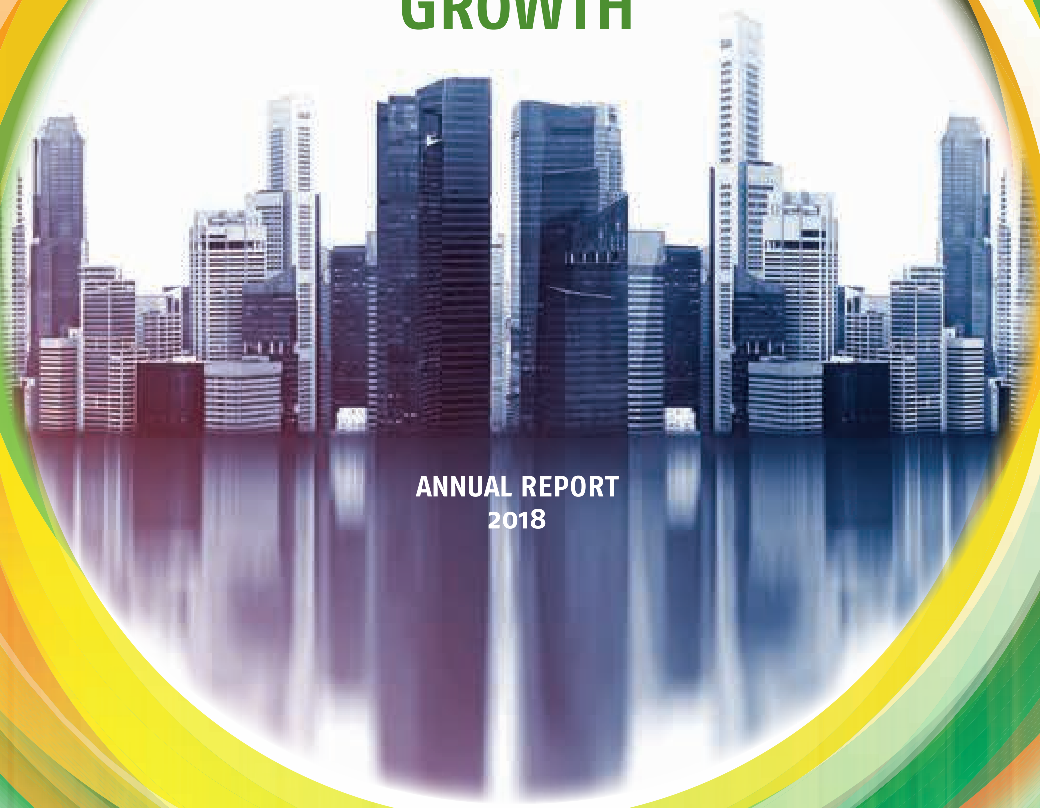
星嘉源

SINJIA LAND limited

FOCUSING ON LONG-TERM GROWTH



ANNUAL REPORT 2018

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This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this annual report including the correctness of any of the figures used, statements or opinions made.

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

The contact person for the Sponsor is Mr Liau H.K.
Telephone number: 6221 0271

CORPORATE PROFILE

SINJIA LAND LIMITED ("SINJIA") was incorporated in Singapore on 26 February 2004. It was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Catalist (formerly "SESDAQ") on 25 November 2005 and subsequently upgraded to the SGX-ST Main Board on 22 January 2008. SINJIA transferred from the SGX-ST Main Board to the SGX-ST Catalist, the sponsor-supervised listing platform of SGX-ST on 8 May 2015.

The Group engages in hostel management, by managing and operating lodging and boarding houses, as well as backpackers hostels. The Group also invests in fund management.

SINJIA has been continually exploring new business opportunities and further develop existing businesses to enhance the profitability of the Group. In line with this strategy, the Group proposed an acquisition of 49% in the capital of G & S Reality Limited on 13 December 2018 to enable the Group gain a strong foothold in the property business in Thailand.

MESSAGE TO SHAREHOLDERS

SINJIA will continue to explore new business opportunities which can enhance long term shareholder value. These include geographical expansion, mergers and acquisitions, divestment and partnering with long term strategic investor(s) who can add depth and breadth to the Group's existing business portfolio.

DEAR SHAREHOLDERS,

On behalf of the board of directors ("**Board**") of Sinjia Land Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), we are pleased to present to shareholders the annual report for the financial year ended 31 December ("**FY**") 2018.

The global business environment has been increasingly volatile and corporates are facing more uncertainties and complexities. The Group will continues stay learn and maintain healthy financial position as to stay competitive in this challenging business environment and also actively pursue its diversification strategy.

As part of our strategic objective to diversify and enhance our earnings stream, the Company on 13 December 2018 has proposed an acquisition of 49% stake in the capital of G & S Realty Limited in Thailand. This proposed acquisition will enable the Company to gain a strong foothold in the property business in Thailand. The first tranche of the purchase consideration of THB5.0 million has been completed as announced on 29 January 2019. The second tranche of the purchase consideration of THB4.8 million will due in June 2019.

In FY2018, the Group reported a lower net loss before tax of S$3.39 million as compared to S$5.24 million last year, largely due to the increased in revenue from our hostel management business and also the absence of an impairment on plant and equipment of a subsidiary corporation in current financial year.

Notwithstanding a loss attributable to shareholders in FY2018, the Group is financially strong with cash at bank of S$3.82 million as at 31 December 2018.

OUTLOOK FOR THE YEAR AHEAD

Looking ahead, the hostel management business will remain competitive due to intense competition and rising operating costs. The Board generally remains optimistic about tourism prospects in Singapore for the year ahead and will mindful of the intense competition as well as the increasing costs.

We believe we should focus on the long term success of the Group in order to create the highest value for all stakeholders and the Company will continue to explore new business opportunities include geographical expansion, mergers and acquisitions, divestment and partnering with long term strategic investor(s) who can add depth and breadth to the Group's existing business portfolio.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to take this opportunity to express my deepest gratitude to all the stakeholders that have supported us in this challenging financial year. We would also like to thank the board of directors for the valuable time and meaningful insights throughout the year. Finally, many thanks to our dedicated and loyal staff for their hard work and dedication throughout the year.

We look forward to your continued support as we can attain great heights and success in the long term.

LI ANHUA
Non-Executive Chairman

CHEONG WEIXIONG, JEFF
Group Chief Executive Officer and Executive Director

FINANCIAL AND BUSINESS REVIEW

BUSINESS REVIEW

"Discontinued operations" relate to the Company's investments in HLN Rubber Products Pte. Ltd. and its subsidiaries (the "**Disposal Group**"). The Company completed the disposal of the Disposal Group on 15 December 2017. Accordingly, the results of the Disposal Group have been presented separately as "Discontinued Operations".

"Continuing Operations" relate to the Company's remaining businesses in (i) hostel management (operating under G4 Station Pte. Ltd. ("**G4**")); and (ii) investment in fund management.

The Group believes that G4 will have room for growth in Singapore. In particular, the Company is optimistic about the medium term prospects for the Singapore tourism industry. A booming tourism sector would contribute to the business.

The Board reviews the risk exposure of the Group for all its businesses, including G4, at regular intervals to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

FINANCIAL REVIEW

Income Statement

(i) Continuing Operations

Revenue increased by S$0.05 million, from S$0.47 million in FY2017 to S$0.52 million in FY2018. The increase was primarily due to the growth in visitor arrivals in FY2018.

Despite the increase in revenue, the Group reported a gross loss of S$0.02 million in FY2018 whereas a gross profit of S$0.08 million was reported in FY2017. This was mainly due to the increase in labour cost as the Ministry of Manpower of Singapore increased the qualifying salary criteria for work pass holders to qualify for dependant privileges from 1 January 2018.

Other income relates to interest income from bank deposits which increased by S$0.03 million, from S$0.01 million in FY2017 to S$0.04 million in FY2018, mainly due to placement of fixed deposit in FY2018.

Other credits decreased by S$0.47 million from S$1.19 million in FY2017 to S$0.72 million in FY2018, mainly due to (i) absence of again of S$1.00 million in FY2017 which rose from the settlement of convertible loan note issued by Barons Vista LLC (ii) a reversal of accrual of S$0.32 million and increase in foreign exchange gain of S$0.26 million, as a result of depreciation of Renminbi against Singapore Dollars in FY2018.

Administrative expenses decreased by S$0.05 million, from S$2.10 million in FY2017 to S$2.05 million in FY2018, mainly due to the decrease in office rental of S$0.06 million and depreciation of plant and equipment of S$$0.07 million, and partly offset by increase of staff related costs in FY2018.

The Group recorded finance costs of S$0.01 million in FY2018, as compared to finance costs of $0.02 million in FY2017 mainly due to the settlement of certain borrowings in FY2018, which resulted in lower interest expense payable.

The Group recorded other charges of S$2.06 million in FY2018 (FY2017: S$4.39 million) mainly due to (i) fair value loss on financial assets (at fair value through profit or loss) in the Company's investment fund (namely, Fortune Asia Long Short Fund) of $0.75 million in FY2018; (ii) a loss in liquidation of subsidiary, Sinjia RTE Solutions Pte. Ltd. of S$1.30 million which currently under liquidation process.

As a result of the above, the Group registered a net loss before tax of S$3.39 million in FY2018, as compared to S$5.24 million in FY2017. The Group posted a loss attributable to equity holders of the Company of S$3.55 million in FY2018, as compared to S$4.04 million in FY2017.

(ii) Discontinued Operations

Discontinued operations, which relate to the Disposal Group, reported a loss attributable to equity holders of the Company of S$3.62 million in FY2017.

FINANCIAL POSITION

Current Assets

The Group's current assets decreased by S$0.59 million to S$8.76 million as at 31 December 2018, from S$9.35 million as at 31 December 2017. The Group's current assets as at 31 December 2018 comprised trade and other receivables of S$2.91 million, other current assets of S$0.20 milliion, financial assets (at fair value through profit or loss) of S$1.03 million, cash and cash equivalents of S$3.82 million and assets of the disposal group classified as held-for-sale of S$0.79 million.

Trade and other receivables increased by S$2.23 million to S$2.91 million as at 31 December 2018, from S$0.68 million, mainly due from proceeds receivable of approximately S$2.8 million from the sale of the Disposal Group whereby final purchase consideration due on 31 December 2019 was classified under non-current asset in FY2017.

Financial assets, at fair value through profit or loss decreased by S$0.75 million, from S$1.78 million as at 31 December 2017 to S$1.03 million as at 31 December 2018, due to a decrease in the fair value of the Company's investment fund (namely, Fortune Asia Long Short Fund).

Cash and cash equivalents decreased by S$2.12 million, from S$5.94 million as at 31 December 2017 to S$3.82 million as at 31 December 2018.

Assets of the disposal group classified as held-for-sale, which relate to the carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd., amounted to S$0.79 million as at 31 December 2018. The proposed disposal of the entity is expected to be completed in FY2019.

Non-current Assets

The Group's non-current assets decreased by S$2.64 million to S$13.80 million as at 31 December 2018, from S$16.44 million as at 31 December 2017. The Group's non-current assets as at 31 December 2018 comprised financial assets at fair value through other comprehensive income of S$11.25 million, investment property of S$2.54 million and plant and equipment of S$0.02 million.

Financial assets at fair value through other comprehensive income decreased by S$0.26 million, from S$11.51 million as at 31 December 2017 to S$11.25 million as at 31 December 2018. The financial assets at fair value through other comprehensive income relate to the Company's investment in Tianjin Swan Lake Real Estate Development Co., Ltd. ("**TJSL**"). Partial consideration for the disposal of TSJL was received by the Company from the prospective buyer in the form of shares in Abterra Ltd, a listed company on the SGX-ST. The decrease was mainly due to a decrease in fair value of these quoted securities in Abterra Ltd of S$0.26 million in FY2018.

Plant and equipment decreased by S$0.02 million from S$0.04 million as at 31 December 2017 to S$0.02 million as at 31 December 2018, mainly due to the depreciation charges recognised in FY2018.

Investment property of S$2.54 million as at 31 December 2018 and 31 December 2017 was received as a repayment for the convertible loan note the Group had subscribed to for which the issuer, Barons Vista LLS could not repay. The value of the investment property was derived using Fair Values.

Current Liabilities

The Group's current liabilities decreased by S$1.63 million, from S$12.38 million as at 31 December 2017 to S$10.75 million as at 31 December 2018. The Group's current liabilities as at 31 December 2018 comprised mainly trade and other payables of S$10.70 million and borrowings of S$0.04 million.

Trade and other payables decreased by S$1.58 million, from S$12.28 million as at 31 December 2017 to S$10.70 million as at 31 December 2018, mainly due to the liquidation of a subsidiary, Sinjia RTE Solutions Pte. Ltd. and payment of amount due to suppliers of G4 in FY2018. Trade and other payables comprised mainly an amount of S$10.23 million which relates to partial consideration received from the prospective buyer in connection with the disposal of financial assets at fair value through other comprehensive income of investment in equity security of TJSL.

FINANCIAL AND BUSINESS REVIEW

Total borrowings decreased from S$0.28 million as at 31 December 2017 to S$0.18 million as at 31 December 2018, due to the repayment of finance lease liabilities of S$0.04 million and borrowings of S$0.06 million in FY2018, partly offset by a reclassification of borrowings from "Non-current Liabilities" to "Current Liabilities".

The Group reported a negative working capital of S$1.99 million as at 31 December 2018, as compared to a negative working capital of S$3.03 million as at 31 December 2017. The Group's negative working capital as at 31 December 2018 and 31 December 2017 were largely due to the partial consideration of S$10.23 million and S$10.47 million respectively received from the prospective buyer of TJSL which was recorded as a "Current liability – Other Payables", whereas the value of the equity security in TJSL was recorded as a "Non-current asset – Financial assets at fair value through other comprehensive income".

Non-current Liabilities

The Group's non-current liabilities comprised borrowings, which decreased by S$0.04 million, from S$0.18 million as at 31 December 2017 to S$0.14 million as at 31 December 2018. The decrease was due to the reclassification of borrowings from "Non-current Liabilities" to "Current Liabilities".

Equity

Total equity decreased by S$1.55 million, from S$13.23 million as at 31 December 2017 to S$11.68 million as at 31 December 2018, mainly due to (i) an increase in accumulated losses of S$3.55 million as at 31 December 2018, as a result of net loss incurred in FY2018; (ii) decrease in other reserves of S$0.26 million as at 31 December 2018, as a result of changes in the financial assets at fair value through other comprehensive income in FY2018; and (iii) decrease in non-controlling interests by S$2.26 million as a result of liquidation of a subsidiary in FY2018.

CASH FLOW

Net cash outflow for operating activities for FY2018 amounted to S$2.05 million, mainly due to cash used in operations of S$1.61 million and net cash outflows arising from working capital changes of S$0.44 million. Net cash outflows arising from working capital in FY2018 amounted to S$0.44 million, mainly due to increase in (i) trade and other receivables of S$0.14 million and partially offset by decrease in (i) trade and other payables of S$0.50 million and (ii) other current assets of $0.05 million.

Net cash inflow from investing activities of S$0.04 million in FY2018 was mainly due to interest received.

Net cash outflow from financing activities of S$0.11 million in FY2018 was mainly due to the repayment of borrowings and lease liabilities of S$0.10 million and interest paid of S$0.01 million.

As a result of the above, the Group had cash and cash equivalents of S$3.82 million as at 31 December 2018, representing a decrease of S$2.12 million as compared to at 31 December 2017.

GROUP STRUCTURE[b]

(a) As announced on 5 November 2018, the Company has entered into share sale agreement to dispose Ace Empire Capital and that as at the date of this annual report, the disposal has not been completed due to pending on transfer of properties ownership.

(b) The group structure is as at 31 December 2018.

BOARD OF DIRECTORS

MR LI ANHUA

Mr Li Anhua was appointed as an Independent Director of the Company on 13 August 2009, and Non-Executive Chairman on 9 September 2009.

Mr Li has approximately 31 years of experience in the senior administration of financial institutions and was the vice-chairman of the board of directors of Hainan Dadonghai Tourism Centre Co. Ltd., a company listed on the Shenzhen Stock Exchange.

Mr Li holds a Bachelor's degree in Finance from the Jilin Finance and Trade School, China.

MR CHEONG WEIXIONG, JEFF

Mr Cheong Weixiong, Jeff was appointed as an Executive Director of the Company and Group Chief Executive Officer ("**CEO**") on 4 August 2009. As Group CEO, Mr Cheong is responsible for the overall management of the Group as well as overseeing the Group's corporate strategy and human resources functions.

Mr Cheong has approximately 14 years of experience in the investment advisory industry. His growing reputation in the investment advisory industry led him to join Kim Eng Securities Pte Ltd as senior vice president of the equity sales department in 2007. He handled professional securities brokerage and provided investment advisory services to institutions, corporations and high net worth investors.

He currently also serves as the non-executive chairman of another company listed on the Catalist board of the Singapore Exchange Securities Trading Limited, as well as serving on the board of Fortune Asia Long Short Fund.

Mr Cheong holds an Executive Master in Business Administration from the Singapore Management University.

MR LEE JIM TECK, EDWARD

Mr Lee Jim Teck, Edward was appointed as an Independent and Non-Executive Director of the Company on 27 July 2011.

Mr Lee has served as the chief financial officer and financial controller for a number of US Fortune 500 companies. He has over 36 years of experience in finance, accounting, audit, human resource and information technology. He also volunteers his services in a number of not-for-profit organizations and charities.

Mr Lee is a member of the Institute of Singapore Chartered Accountants and the Singapore Institute of Directors. Mr Lee holds a Bachelor of Accountancy degree from the National University of Singapore.

MR CHEUNG CHI KIN, KEN

Mr Cheung Chi Kin, Ken was appointed as a Non-Executive Director of the Company on 12 May 2016.

Mr Cheung is a consultant providing professional advice in real estate investments for Yangpu Quanan Commercial Management Co. Ltd in Hong Kong. Mr Cheung has more than 20 years of property investment experience which covers areas such as sales and marketing, property management and property development.

Mr Cheung holds a Master in Business Administration from the Open University of Macau.

KEY MANAGEMENT

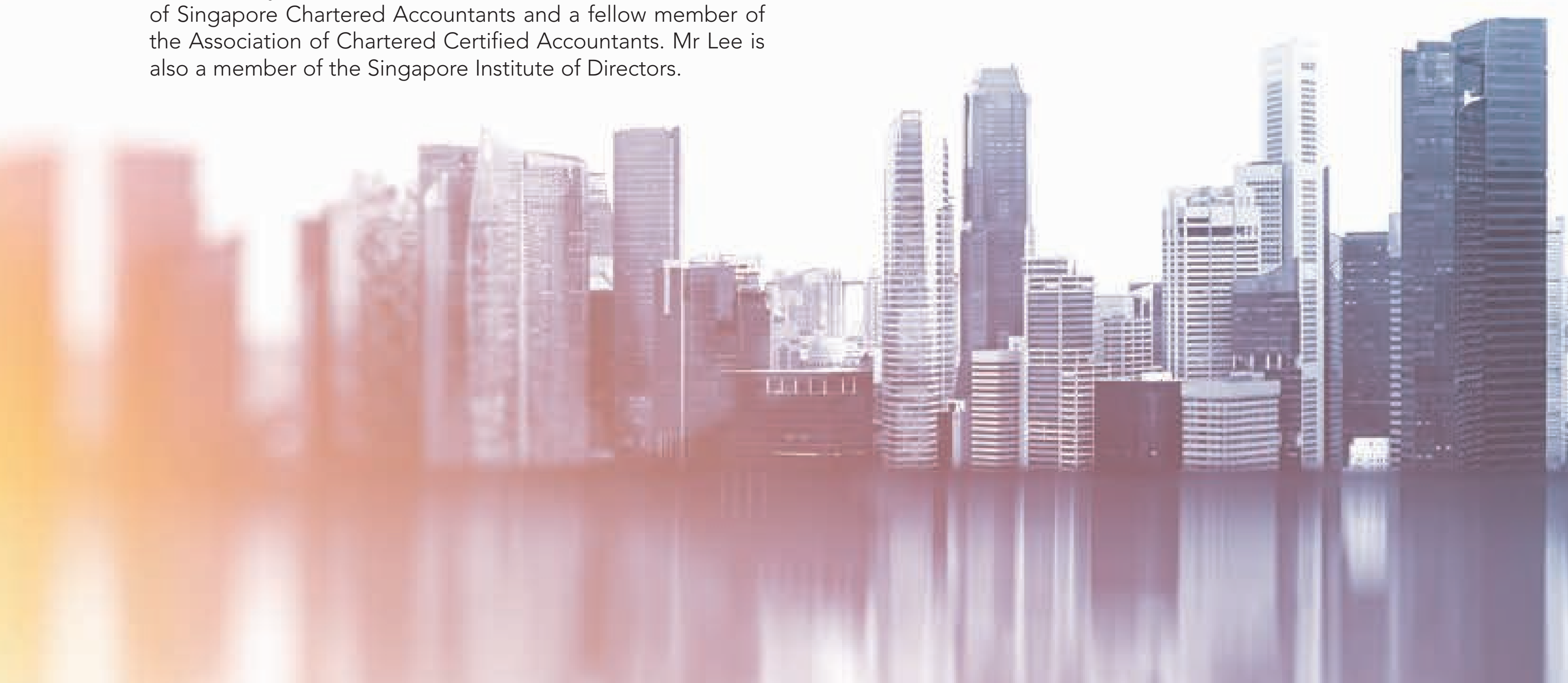
MR LEE FUT HUA

Mr Lee Fut Hua is the group Chief Financial Officer since 05 September 2018 and also appointed as the Company Secretary from 15 August 2016. He is responsible for all financial matters including financial accounting and reporting, taxation, risk management, internal control and treasury functions of the Group's business.

Mr Lee is previously the Managing Director of Elastomeric Group business unit of the Group, HLN Rubber Products Pte Ltd and its subsidiaries which was disposed on 15 December 2017. He was responsible for the general and operational management of the Company and its subsidiaries.

Prior to joining the Group, Mr Lee has over 25 years of experience in accounting and finance. Mr Lee was the group finance director of Lorenzo International Limited (a listed company on Mainboard of the SGX-ST) and was primarily responsible for its group accounting and financial operations, overseeing its financial reporting requirements and ensuring corporate compliance with the relevant regulations. Previously, he was a corporate development manager with HL Cement Co Pte Ltd, and was responsible for overseeing the corporate finance and accounts division. From 1986 to 1998, he held the position of accounting manager with Sintat Rent-A-Car (Pte) Limited and was in charge of its finance and accounting activities in Singapore and Malaysia.

Mr Lee holds a global Master in Business Administration from the University of Manchester, UK. He is a member of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr Lee is also a member of the Singapore Institute of Directors.



CORPORATE INFORMATION

BOARD OF DIRECTORS

LI ANHUA
Non-Executive Chairman and Independent Director

CHEONG WEIXIONG, JEFF
Group Chief Executive Officer and Executive Director

LEE JIM TECK, EDWARD
Non-Executive and Independent Director

CHEUNG CHI KIN, KEN
Non-Executive Director

NOMINATING COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN, KEN Member

REMUNERATION COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN, KEN Member

AUDIT COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN, KEN Member

COMPANY SECRETARY

LEE FUT HUA

REGISTERED OFFICE

Block 16 Kallang Place,
#01-16/18, Kallang Basin Industrial Estate
Singapore 339156
Telephone number: 6224 7320
Facsimile number: 6224 7231
Website: www.sinjl.com

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
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#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

NEXIA TS PUBLIC ACCOUNTING CORPORATION
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Director-In-Charge: Loh Ji Kin
(Effective From Year Ended 31 December 2017)

SPONSOR

ASIAN CORPORATE ADVISORS PTE. LTD.
160 Robinson Road
#21-05 SBF Center
Singapore 068914

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Directors**") and management ("**Management**") of the Sinjia Land Limited (the "**Company**", and together with its subsidiaries, the "**Group**") are committed to ensuring high standards of corporate governance for the protection of shareholders' interests and value and to promote investors' confidence. The following report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that, for the financial year ended 31 December 2018 ("**FY2018**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure Compliance with the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the "**2018 Code**") and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to Annual Reports covering financial years commencing from 1 January 2019. The Group will review and set out the corporate practices in place to comply with the 2018 Code, where appropriate, in the next Annual Report.

BOARD MATTERS

The Board's Conduct of Affairs

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

The Board provides leadership to the Group through setting overall strategic aims, establishing framework of controls, reviewing the performance of Management and approving important decisions affecting the Group.

The Board meets at least every quarter and as warranted by particular circumstances. The principal functions of the Board include:

a) Provides entrepreneurial leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;

b) Approving corporate objectives, plans, strategies, policies and financial objectives of the Group and monitoring the performance of Management;

c) Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

d) Approving nominations and appointments of Directors, Board committee members and key executives;

e) Approving annual budgets, investments, capital expenditures, major acquisitions and divestments proposals;

f) Set the Company's values and standards(including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;

g) Identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation; and

h) Considering sustainability issues like environmental and social factors as part of its strategic planning.

CORPORATE GOVERNANCE REPORT

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Company has adopted internal guidelines on matters such as annual budgets and transactions relating to investment, financing, treasury, legal and corporate secretarial and the parameters of such matters which require the Board's approval. The Board will review the guidelines on a periodic basis to ensure their relevance to the operations of the Group.

To facilitate effective management and to support the Board in its duties, certain functions of the Board have been delegated to the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively referred to as the "**Board Committees**"). The Board Committees function within clearly defined terms of references and they meet regularly to review relevant matters which are then referred to the Board for approval.

The Board conducts regular meetings, and additional meetings for particular matters will be convened as and when they are deemed necessary. Physical meetings are held and the Company's Constitution ("**Constitution**") allows for telephonic and video conference meetings.

The attendance of the Directors at meetings of the Board and the Board Committees for FY2018 is as follows:

Board attendance

	Board	**Audit Committee**	**Remuneration Committee**	**Nominating Committee**
Number of meetings held	**4**	**4**	**1**	**1**
	Attendance			
Li Anhua	4	4	1	1
Cheong Weixiong, Jeff	4	*4	*1	*1
Lee Jim Teck, Edward	4	4	1	1
Cheung Chi Kin	4	4	1	1

* *By invitation*

Notes:

The profiles of these Directors are set out in the "Board of Directors" section of this Annual Report.

Minutes of all Board and Board Committees' meetings will be circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during the respective meetings.

Training for Directors

Newly appointed Directors are acquainted with the Company's operations and governance practices through a customised induction program. In addition, for first-time directors of a listed company in Singapore, the Company will arrange for these Directors to attend relevant training and courses conducted by the Singapore Institute of Directors in relation to the roles and responsibilities of a director of a listed company and in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. Newly appointed Directors would receive a formal letter from the Company, setting out their duties and obligations.

CORPORATE GOVERNANCE REPORT

The Company adopts a policy whereby Directors are encouraged to request for further information or informal discussion on aspects of the Group's operations or issues from Management.

The Company also encourages the Directors to attend seminars and receive training to improve themselves in the discharge of their duties as directors and to constantly keep abreast of development in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group through participation in seminars and workshops. The Company works closely with external professionals to update its directors in any new requirements of the Catalist Rules, Companies Act or changes to relevant laws, regulations and accounting standards from time to time. During FY2018, all Directors had received updates on changes to the Catalist Rules, the Companies Act and developments in financial reporting and governance standards, so as to enable them to make well-informed decisions and to properly discharge their duties as Directors.

Board Composition and Guidance

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

The Board comprises four (4) Directors, two (2) of whom are considered independent by the Board. There is a strong and independent element on the Board, with Non-Executive Independent Directors constituting half of the Board. The roles of the Chairman and the Chief Executive Officer ("**CEO**") are assumed by different persons. The membership of the Directors on the Board Committees are as follows:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Li Anhua	Non-Executive Independent Director and Chairman	Chairman	Chairman	Chairman
Cheong Weixiong	Chief Executive Officer	–	–	–
Lee Jim Teck, Edward	Non-Executive Independent Director	Member	Member	Member
Cheung Chi Kin	Non-Executive Director	Member	Member	Member

The independence of each Director is assessed and reviewed at least annually by the NC. In its deliberation as to the independence of a Director, the NC takes into account examples of relationships as set out in the Code, considers whether a Director has and/or had business relationships with the Company or its related corporations, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group. Each independent director is also required to complete a Director's Independence Declaration annually to confirm his independence. The NC has reviewed, determined and confirmed the independence of the Non-Executive Independent Directors.

The Board recognises that the Non-Executive Independent Directors may over time develop significant insights in the Group's businesses and operations, and can continue to provide noteworthy and valuable contribution to the Board. The independence of the Non-Executive Independent Directors must be based on the substance of their professionalism, integrity, objectivity and not merely based on the number of years which they have served on the Board.

CORPORATE GOVERNANCE REPORT

Currently, Mr Li Anhua has served on the Board for more than nine years from the date of his first appointment. The NC has subjected his independence to a rigorous review, taking into consideration the absence of potential conflicts of interests which may arise through, inter alia, a shareholding interest in the Company and assessment of his independence in character, judgment through his contributions to the Board discussions and deliberations. The NC is of the view that Mr Li Anhua has demonstrated strong independence of character and judgment over the years in discharging his duties and responsibilities as the Non-Executive Independent Director of the Company with the utmost commitment in upholding the interest of the shareholders. He has expressed individual viewpoints, objectively scrutinised issues and sought clarification as he deemed necessary. The NC has also noted that there were no relationships or circumstances which were likely to affect, or could appear to affect his independent judgement. As such, the NC had recommended to the Board and the Board concurred that Mr Li Anhua's independence of character and judgement was not in any way affected or impaired by his length of service.

The Board is of the opinion that its current size is both effective and efficient for effective decision making given the nature and size of the Company's operations as well as the background and competence of all the Directors acting collectively and no individual or small group of individuals dominates the Board's decision-making process. The Board noted that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance and diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

The Non-Executive Independent Directors participated actively in all Board discussions and made constructive and positive contribution in areas including strategy formulation, policies, management performance appraisal and monitoring of the Company's financial performance and financial position regularly. In addition, all the Chairmanships of the Board Committees are held by the Non-Executive Independent Directors.

Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committees' levels, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss the Group's affairs without the presence of the Management.

Chairman and Chief Executive Officer

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

The roles of Chairman and the Group CEO are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not related.

In their separate capacities, the Chairman is primarily responsible for the functioning of the Board and the Group CEO is charged with steering the business of the Group. All important decisions are made by the Board collectively.

The Chairman's role is to lead the Board to ensure its effectiveness on all aspects of its role and to promote a culture of openness and debate at the Board. Assisted by the Company Secretary, the Chairman schedules Board and Board Committees meetings as and when required and set the agenda. He ensures that all Directors receive accurate, timely and clear information prior to the Board meetings, encourages constructive relations between the Board and Management and between Executive, Non-Executive and Independent Directors. He also facilitates the effective contribution of Non-Executive and Independent Directors and ensures effective communication with shareholders of the Company ("**Shareholders**"). The Chairman also leads in promoting high standards of corporate governance in the Company.

CORPORATE GOVERNANCE REPORT

The Group CEO has full executive responsibilities over the running of the Group's businesses, the business direction and operational decisions of the Group. The Group CEO leads the Management and he reports to and is accountable to the Board.

The Non-Executive Independent Directors meet on a need-to basis amongst themselves and with the Company's external auditors and internal auditors without the presence of Management to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, board processes, any internal audit observations, succession planning, as well as leadership development and the remuneration of Executive Directors. Feedbacks will be provided to the Chairman after such meetings.

The Board believes that currently there is a strong and independent element on the Board and adequate safeguards in place against an uneven concentration of power and authority in a single individual. As such, the Company has not appointed any Independent Director of the Company to assume the role of a Lead Independent Director.

Board Membership

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

The NC comprises three (3) members, all of whom are non-executive Directors. The members of the NC are:

Li Anhua	(Chairman)
Lee Jim Teck, Edward	(Member)
Cheung Chi Kin	(Member)

The NC is established for the purpose of ensuring that there is an objective and transparent process for all Board appointments. The NC has adopted written terms of reference that defines its membership, roles and functions, administration and duties.

The principal functions of the NC include, but are not limited to, the following:

a) review the composition and size of the Board and make recommendation to the Board on the appropriate size for the Board to facilitate effective decision making, the required expertise of the Directors as a group to ensure that they, as a group, have adequate relevant core competencies to discharge the functions of an effective and balanced Board;

b) review and assess the effectiveness of the Board as a whole and the contribution of individual Directors;

c) review the adequacy of the Board's training and professional development programs;

d) review and make recommendations on all nomination of appointment and re-appointment to the Board;

e) review the independence of each Director on an annual basis; and

f) oversee the management, development and succession plans of the Group.

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

Taking into consideration the time spent through attendance at meetings and attention to the affairs of the Company, the NC is of the view that all the Directors have adequately discharged their duties effectively.

CORPORATE GOVERNANCE REPORT

Pursuant to the Company's Constitution, one-third of the Board is to retire by rotation at every annual general meeting of the Company ("**AGM**") and subject themselves to re-election by the Shareholders at the AGM. In addition, all Directors including the Group CEO, shall retire from office at least once every three years. The Constitution provides that a Director appointed by the Board to fill a vacancy or as an additional Director, must retire at the next AGM after such appointment, and subject himself or herself for re-election but this shall not be taken into account in determining the number of Directors who are retiring by rotation.

At the forthcoming AGM, both Cheung Chi Kin and Lee Jim Teck, Edward, will be retiring pursuant to Article 115 of the Constitution. Both of them, being eligible for re-election, have offered themselves for re-election. The NC recommended to the Board that Cheung Chi Kin and Lee Jim Teck, Edward, be nominated for re-election at the forthcoming AGM. In making the recommendations, the NC has considered, inter alia, the performances and contributions of Cheung Chi Kin and Lee Jim Teck, Edward to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). As the members of the NC, both Cheung Chi Kin and Lee Jim Teck, Edward have abstained from voting on any resolutions in respect of the assessment of his own performance for re-appointment as a Director.

The Company adopts a comprehensive and detailed process in the selection of new Directors. Candidates will be first sourced through an extensive network of contracts and selected based on, inter alia, the needs of the Group and the relevant expertise required. When necessary, the NC may seek the help of external consultant(s) in the search process. In selecting suitable candidates, the NC, in consultation with the Board, will consider the Group's strategic goals, business direction and needs. The NC will also consider gender diversity requirements in seeking any new appointment to the Board. The NC will conduct interviews with the candidates and nominate the candidate deemed most suitable for appointment to the Board.

The Board recognizes the contribution of its independent directors who, over time, have developed insight into the Group's businesses and operations and are therefore able to provide invaluable contributions to the Group. As such, the Board has decided not to set a fixed term of office for its independent directors.

The Company does not have any alternate director on its Board. All directors are required to declare their board representations. When a director has multiple board representation, the NC will consider whether the Director is able to adequately discharge his duties as a director of the Company, taking into consideration, the Director's number of listed company board representations and other principal commitments. The Board is also of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contribution and his ability to devote sufficient time and attention to the Company's affairs. Hence, the Board has decided not to set a numerical limit on the number of listed company board representations as it does not wish to omit from consideration, outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

CORPORATE GOVERNANCE REPORT

The key information of the Directors is as follows:

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Functions/ Board Committees served	Directorships or chairmanships both present and held over the preceding three (3) years in other listed companies and other principal commitments
Li Anhua	Non-Executive and Independent	13 August 2009	27 April 2018	Chairman of the Board, the AC, the NC and the RC	Other principal commitment None Present Directorship None Past Directorships None
Cheong Weixiong	Executive	4 August 2009	27 April 2018	Nil	Other principal commitment None Present Directorship • Non-executive Chairman, Chairman of the NC and the RC of CWX Global Limited. • Non-executive Director of Fortune Asia Long Short Fund. Past Directorship None
Lee Jim Teck, Edward	Non-Executive and Independent	27 July 2011	28 April 2017	Member of the AC, the NC and the RC	Other principal commitment None Present Directorship None Past Directorship None
Cheung Chi Kin	Non-Executive	12 May 2016	28 April 2017	Member of the AC, the NC and the RC	Other principal commitment • Consultant of Huizhong Asset Management Co., Ltd. • Consultant of Yangpu Quanan Commercial Management Co., Ltd. Present Directorship None Past Directorship None

CORPORATE GOVERNANCE REPORT

Note:

The Directors are appointed based on the strength of their ability and experience. For other information on the Directors, please refer to the sections entitled "Board of Directors" and "Statement by Directors" of this Annual Report.

Board Performance

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

The NC has established a performance appraisal process to assess the effectiveness of the Board as a whole. The performance appraisal includes qualitative and quantitative factors including Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control. These performance criteria in the forms do not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus will be on the Board to justify the change.

The NC undertakes the Board performance appraisal annually. The appraisal results are reviewed by the NC and discussed with Board members for determining areas for improvement and enhancement of the Board effectiveness. Although the Code proposes certain financial indicators as performance criteria, such as the Company's share price performance, the Board is of the opinion that the performance criteria should be geared towards evaluating the Board and the Directors' performance in discharging its principal responsibilities, upholding high standards of corporate governance and strategic oversight of the Company's business rather than the specific performance of its share price and other financial indicators.

For FY2018, all Directors are requested to complete a Board assessment checklist designed to seek their views on the various performance criteria set by the Board, so as to assess the overall performance and effectiveness of the Board. The checklists are completed and submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review and discussion before making any recommendations to the Board. The Chairman will act on the results of the performance evaluation and in consultation with the NC, propose where appropriate new members to be appointed to the Board or seek the resignation of directors. Replacement of a director, when it happens, does not necessarily reflect the director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long terms of the Group.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

Access to Information

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

Board papers are prepared for each Board and Board Committee meetings and are usually circulated in advance of such meetings. This is to give the Directors sufficient time to review and consider the matters to be discussed, as well as to obtain additional information or explanations from the Management, if necessary. The Board papers include minutes of the previous meeting, reports relating to investment proposals, budgets, financial results announcements, and reports from Board Committees, internal auditor and external auditor.

CORPORATE GOVERNANCE REPORT

The Directors have separate and independent access to the Management and the Company Secretary to facilitate access to any required information. The Company Secretary assists the Chairman and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. He attends all Board meetings and is responsible for recording of the proceedings as well as oversees all processes and practices relating to company secretarial matters. The Company Secretary is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and the Listing Rules of the SGX-ST, are complied with. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The Company currently does not have a formal procedure for Directors to seek independent and professional advice for the furtherance of their duties. However, Directors may, on a case-to-case basis, propose to the Board for such independent and professional advice, the cost of which will be borne by the Company.

The Company has a transparent policy wherein Directors are welcomed to request further information or informal discussions and make recommendations on any aspects of the Company's operations or business issues.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

The RC comprises of three (3) members, all of whom are Non-Executive Directors. The RC comprises the following members:

Li Anhua	(Chairman)
Lee Jim Teck, Edward	(Member)
Cheung Chi Kin	(Member)

The RC is established for the purpose of ensuring that there is a formal and transparent framework for determining the appropriate remuneration packages of individual Directors and key executives. No Director is involved in deciding his own remuneration. The overriding principle is to ensure that the level of remuneration should be appropriate to attract, retain and motivate the Directors and Key Executives needed to run the Company and the Group successfully and ensure that they are fairly rewarded for their individual contributions to overall performance. The RC will also work within the principle that the remuneration should be structured so as to link rewards to corporate and individual performance. It has adopted written terms of reference that defines its membership, roles, functions and administration. The RC will seek professional advice when necessary in discharging its duties and responsibilities.

The duties of the RC are as follows:

a) review and make recommend to the Board, a framework of remuneration and specific remuneration packages of each Director (executive and non-executive) and key management personnel;

b) recommend to the Board, the Company's compensation policies, structures and service contracts, based on proposal by the Group CEO; and

c) determine the Company's compensation policies, structures and service contracts as proposed by the Group CEO, for relatives of a Director and/or a substantial Shareholder who are employed in managerial positions by the Company, or any of its subsidiaries.

CORPORATE GOVERNANCE REPORT

The Company has implemented a formal and transparent procedure in relation to executive remuneration and for determining the remuneration packages of individual Directors. The RC reviews and recommends to the Board the general framework of remuneration and specific remuneration packages for the Board and key remuneration personnel, covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. Each RC member does not participate in discussions, and abstains from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him.

The RC will review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

If necessary and when required, the RC has access to appropriate expert advice in the field of executive compensation outside the Company.

Level and Mix of Remuneration

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

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component. The fixed component is in the form of a base salary which reflects market worth. The variable component comprises both short-term incentive and longer-term incentives.

The RC has agreed on a performance-based compensation package for the Executive Director. The remuneration structure for the Executive Director is based on service contract which comprises a basic salary component and an annual incentive bonus which is pegged to the Group's financial performance.

The RC has adopted a framework to remunerate the Non-executive Directors based on their appointments and roles in respective Board Committees and contributions to the Board and Company. The remuneration packages of the Non-executive Directors comprise a basic Director's retainer fee and additional fees for appointment to Board Committees. The RC has assessed and is satisfied that the Non-Executive Independent Directors are not overly-compensated to the extent that their independence is compromised. While the remuneration frameworks are not subject to Shareholders' approval, the fees for the Non-Executive Directors will be subject to the approval of Shareholders at the AGM. Directors' fees of S$169,500 for FY2018 are recommended by the Board and subject to the approval of Shareholders at the forthcoming AGM. The Board concurred with the RC that the proposed directors' fees for FY2018 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

Given the expiry of the HLN Technologies Limited Performance Share Plan in May 2018, the Company currently has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place to encourage non-executive directors to hold shares in the Company. The Company will consider the establishment of other forms of long term incentive schemes, as and when appropriate.

The Company does not intend to incorporate contractual provisions in service contract to allow it to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Director owes a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services will be borne by the Company. During FY 2018, no external professional has been engaged on matter relating to remuneration.

Disclosure on Remuneration

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

Remuneration of Directors

The breakdown for the remuneration of the Company's Directors for FY2018 is as follows:

Remuneration Bands	Fee[1]	Salary & fixed allowance[2]	Bonus & incentives[2]	Long term incentives[3]	Total
S$500,000 to S$750,000					
Cheong Weixiong, Jeff	Nil	100%	Nil	Nil	100%
S$250,000 and below					
Li Anhua	98%	2%	Nil	Nil	100%
Edward Lee Jim Teck	97%	3%	Nil	Nil	100%
Cheung Chi Kin	99%	1%	Nil	Nil	100%

Notes:

(1) Directors fees are payable in 2019 after approval by Shareholders at the AGM.

(2) Salary & fixed allowance, and bonus & incentives shown are inclusive of employer CPF. The non-Executive Directors are paid S$300.00 meeting allowance for each Board meeting.

(3) Long term incentives include performance shares. No performance share was awarded during the year.

Remuneration of key management personnel

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

Remuneration Bands	Salary & fixed allowance[1]	Bonus & incentives[1]	Long term incentives[2]	Total
Below S$250,000				
Lee Fut Hua	100%	Nil	Nil	100%
Chan Saw Yee, Joyce	100%	Nil	Nil	100%

Notes:

(1) Salary & fixed allowance and bonus & incentives shown are inclusive of employer CPF.

(2) Long term incentives includes performance shares. No performance share was awarded during the year.

(3) The aggregate remuneration paid to the top two (2) executives for FY2018 was approximately S$335,316. Save as disclosed above, there is no other key management personnel.

(4) Chan Saw Yee, Joyce has resigned since 7 September 2018.

CORPORATE GOVERNANCE REPORT

For FY2018, there was no employee in the Group, being an immediate family member of a Director or the Group CEO, whose annual remuneration exceeded S$50,000.

The Executive Director and key management personnel are entitled to, inter alia, a base salary and performance-related incentives linked to the financial performance of the Group and the individual's performance, which is assessed based on their respective key performance indicators as allocated to them.

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

In considering the disclosure of remuneration of the Directors and key management personnel, the Company has regarded the industry conditions in which the Group operates, as well as the confidential nature of such remuneration. The Company believes that full detailed disclosure of the remuneration of each Director and each key management personnel as recommended by the Code would be prejudicial to the interests of the Group and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented such information in remuneration bands.

Given the expiry of the HLN Technologies Limited Performance Share Plan in May 2018, the Company currently has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place. Whilst the Company does not have a share-based compensation scheme in place, it will consider the establishment of other forms of long term incentive schemes, as and when appropriate.

ACCOUNTABILITY AND AUDIT

Accountability

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

One of the Board's principal duties is to protect and enhance the long-term value and returns to the Shareholders. The accountability of the Board to the Shareholders is demonstrated through the presentation of the periodic financial statements, results announcements as well as timely announcements and/or news releases of significant corporate developments and activities and other price-sensitive information so that the Shareholders can have a detailed explanation and balanced assessment of the Group's financial performance, position and prospects. In this respect, the AC reviews all financial statements and recommends them to the Board for approval before releasing them to the public.

The Board also takes adequate steps to ensure compliance with legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. In accordance with the Catalist Rules, the Board provides a negative assurance statement to Shareholders in its interim financial results announcements confirming that to the best of its knowledge, nothing has come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management also highlights key business indicators and major issues that are relevant to the Group's performance on an on-going basis in order for the Board to make a balanced and informed assessment of the Group's performance, financial performance, position and prospects as well as Management's achievements of the goals and objectives determined by the Board.

All the Directors and key management personnel of the Group also signed a letter of understanding pursuant to the amended Rule 720(1) of the Catalist Rules.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Controls

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

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures the maintenance of a system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

Pursuant to the Code, the Company has engaged the internal auditors to develop a risk management policy and perform an Enterprise Risk Assessment exercise. The risk management policy is aligned to ISO 31000: 2009, the international standards on Enterprise Risk Management ("**ERM**") with the objectives of meeting the compliance in the design, implementation and monitoring of the ERM and internal control systems in place. In consultation with the internal auditors, the Group has developed and implemented the appropriate risk management procedures to address the key risks identified. All significant matters will be highlighted to the AC and the Board.

The AC will ensure that a review of the effectiveness of the Group's risk management policies and procedures and internal controls in addressing material risks, including financial, operational, compliance and information technology risks are conducted annually. In this respect, the AC will review the audit plans and the findings of the external and internal auditors, and will ensure that Management follows up on the external and internal auditors' recommendations raised, if any, during the audit process.

For FY2018, the Board has obtained assurance from the Group CEO and the Chief Financial Officer that:

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

(b) the internal controls established and maintained are adequate in addressing the operational, financial and compliance risks faced by the Group under the current operating environment.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, works performed by the external and internal auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the view that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at the date of this Annual Report.

CORPORATE GOVERNANCE REPORT

Audit Committee

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

The AC comprises of three (3) members, all of whom are Non-Executive Directors. During FY2018, the AC comprises:

Li Anhua	(Chairman)
Lee Jim Teck, Edward	(Member)
Cheung Chi Kin	(Member)

The Chairman, Mr Li Anhua, has many years of experience in the finance industry. Together with the other members, the AC possesses experience in accounting, business and financial management.

The Board is of the opinion that the members of the AC have sufficient financial management expertise and experience in discharging their duties.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

The terms of reference of the AC are as follows:

a) review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performances;

b) discuss with the external auditors, prior to the commencement of audit, on the audit plan which states the nature and scope of the audit;

c) review the scope and results of the external audit;

d) review with external auditors, on the adequacy and effectiveness of the system of internal controls, the Management Letter and Management's response thereto;

e) discussion of problems and concerns, if any, arising from the interim and final audits and any matters that the external auditors may wish to discuss with the AC in the absence of the Management;

f) review of the independence and objectivity of the external auditors;

g) recommend to the Board on, the appointment, re-appointment and removal of the external auditors, and approving the remuneration and the terms of engagement of the external auditors;

h) review the adequacy and effectiveness of the internal audit program including the scope and results of the internal audit;

i) review interested person transactions (as defined in Chapter 9 of the Catalist Rules) to ensure that each transaction has been conducted on an arm's length basis;

j) review the financial statements of the Company and the Group, including the interim and full year financial results and the respective announcements before the submission to the Board for approval to release to the public; and

k) any other functions that are requested by the Board, as may be required by statutes or the Catalist Rules.

CORPORATE GOVERNANCE REPORT

In discharging the above duties, the AC confirms that it has full access to and co-operation from the Management and is given full discretion to invite any Director or executive officer to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

The AC has conducted a review of all non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors of the Company before recommending their re-nomination to the Board.

Nexia TS Public Accounting Corporation has been appointed as the auditors of the Company and its Singapore-incorporated subsidiary corporations. The Group has appointed different auditors for its overseas subsidiary corporations. The Board and the AC have reviewed the appointment of the different auditors for its overseas subsidiary corporations and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. The Company has complied with Rules 712 and 716 of the Catalist Rules on the appointment of the external auditors for the Group in FY2018. Pursuant to Rule 1204(6)(a) of the Catalist Rules, the aggregate amount of paid to the external auditors of the Company in FY2018 were S$77,000 comprising audit fees of S$62,000 and non-audit fees of S$15,000. A breakdown of the fees in total for audit and non-audit services is set out on page 70 of this Annual Report. The AC has reviewed all non-audit services provided by auditors and is satisfied with their independence. The AC has recommended the re-appointment of Nexia TS Public Accounting Corporation as the external auditors of the Company at the forthcoming AGM.

The AC has met once with the external auditors without the presence of Management during the year

No former partner or director of the Company's existing auditing firm is a member of the AC.

Whistle Blowing

The AC has approved a Whistle Blowing Policy to provide employees of the Group with an independent and confidential channel to our independent internal auditor to report suspected fraud, corruption, dishonest practices or irregularities involving the Company and its subsidiaries. The policy encourages the reporting of such matters by employees with confidence that the reporting made in good faith will be handled on a confidential and anonymous basis in compliance with applicable laws and the employees will not be penalized. Details of the Whistle Blowing Policy has been disseminated to all employees of the Group and reminders circulated to all existing employees and new employees on a semi-annual basis.

Our internal auditors is the appointed independent administrator of the policy and their contact e-mail address is sinjia@whistleblow.com.sg.

In FY2018, the AC had carried out the following activities:–

a) reviewed significant financial reporting issues to ensure integrity of financial statements and announcements relating to company's financial performance;

b) reviewed the half-year and full-year financial statements (audited and unaudited), and recommended to the Board for approval;

c) reviewed the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems;

d) reviewed and approved the annual audit plan of the external auditors;

e) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;

CORPORATE GOVERNANCE REPORT

f) reviewed the results of the internal audit procedures, the assistance given by the Management to the internal auditor and the effectiveness of the internal audit function;

g) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for Board's approval;

h) review the scope and results of the external audit, and the independence and objectivity of the external auditors; and

i) met with the external auditors and internal auditors once without the presence of the Management.

The AC is kept abreast by the Management and the external auditors on changes and updates to account standards, and other issues which could have a direct impact on the financial statements of the Group, if any.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditor, and were reviewed by the AC:

Matters considered	How the AC reviewed these matters and what decisions were made
Financial assets, Fair value through other comprehensive income ("FVOCI")	The AC considered the approach and methodology applied in assessing the valuation of the financial assets, FVOCI relating to the unquoted equity investment. The AC reviewed the reasonableness of the basis and assumptions used by management in estimation of fair value of the financial assets, FVOCI. The valuation of the financial assets, FVOCI was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2018. Please refer to page 79 of this Annual Report.

Internal Audit

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

The Company outsources its internal audit function to a certified public accounting firm which is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The internal auditors report directly to the AC and the internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically. The AC approves the hiring, removal, evaluation and compensation of the certified public accounting firm to which the internal audit function is outsourced.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the internal auditors to perform its function.

CORPORATE GOVERNANCE REPORT

The internal auditors is guided by the Standards of Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The AC reviews annually and is satisfied that the internal audit function is independent, effective and adequately resourced. The AC is also satisfied that the internal auditors is staffed by qualified and experienced personnel. The internal auditors completed one review during the financial year ended 31 December 2018 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the internal auditors, management's responses, and management's implementation of the recommendations have been reviewed and approved by the AC.

Shareholder Rights

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

The Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET, in particular, information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable Shareholders to make informed decisions in respect of their investments in the Company.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET, as well as through reports/circulars sent to all Shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. The results for each resolution put forth are presented during the general meetings.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. Under the Companies Act, cap. 50, a member who is defined as a "relevant intermediary" may appoint more than two proxies to attend and participate in general meetings. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with shareholders

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

The Group is committed to regular and proactive communications with Shareholders and the continuous disclosure obligations under the Catalist Rules. The Group ensures that Shareholders are informed of all major developments that may have an impact on the Group. Information is communicated to Shareholders on a timely basis and is made through:

(a) annual reports that are prepared and issued to all Shareholders;

(b) half yearly and full year unaudited financial results announcements;

(c) circulars and notices issued to all Shareholders;

(d) disclosures to the SGX-ST via SGXNET; and

(e) the Company's website, www.sinjl.com, which provides corporate information, Company's announcement, press releases and other information pertaining to the Group.

CORPORATE GOVERNANCE REPORT

In addition, the Company will engage an investor relations firm to assist in its communication with Shareholders as and when required.

Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results, including dividend announcement and annual reports are announced or issued within the mandatory period and are available on the Company's website. Notices of shareholders' meetings are also published in the local newspaper and announced via SGXNET. The Company does not practice selective disclosure as all materials and price-sensitive information are released through SGXNET in a timely manner.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Taking into account the above factors and in view that the Company was loss making for FY2018, the Board has not recommended dividends to be paid in respect of FY2018.

Conduct of shareholder meetings

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

All Shareholders receive the annual report of the company and notice of AGM within the mandatory period. The notice is also published in the local newspaper and made available on the SGXNET.

Participation of Shareholders is encouraged at the Company's general meetings. Each item of business is in separate resolutions and special resolutions will be accompanied by the relevant explanatory notes to enable the Shareholders to understand the nature and effect of the proposed resolutions.

In addition, the Directors, Chairmen of the Board Committees and the external auditors of the Company will be present at the AGM to address any queries from the Shareholders.

At the AGM, the Shareholders are given the opportunity to express their views and raise any queries regarding the Company. The proceedings of all general meetings including questions and answers exchange between the Company and Shareholders are recorded in the minutes books of the Company, and are available to the Shareholders upon their written request.

All resolutions at general meetings of the Company will be put to vote by poll so as to better reflect Shareholders' shareholding interest and ensure greater transparency. The results of the poll voting on each resolution tabled will be announced after the general meetings via SGXNET.

If any Shareholder is unable to attend, he/she is allowed to appoint proxies to vote on his/her behalf at the general meetings through proxy forms sent to the Company within prescribed period. The Company has not amended its Constitution to provide for absentia voting method. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the shareholders' identities are not compromised.

CORPORATE GOVERNANCE REPORT

DEALING IN SECURITIES

The Company has devised and adopted its own internal Code of Conduct on dealing in the securities of the Company (the "**Internal Code**"). The Internal Code was modeled on the best practices on dealing in securities in the Catalist Rules.

This Internal Code provides guidance to the Directors and Group employees on their dealings in the securities of the Company. Officers of the Group are required to confirm their compliance with the Internal Code annually.

Notifications on "black-out-periods" are sent out to all officers and directors to remind them of the following:

a) Officers are prohibited from dealing in the Company's securities during the black-out-period and clearly should refrain from doing so; and

b) Officers should not deal in the Company's securities on short-term considerations and should be mindful of the law on insider trading.

In the Internal Code sent to all directors and officers, they are reminded not to deal in the Company's securities during the period commencing one (1) month before the announcement of the Company's half year and full year financial statements or such other date the Company may specify as "black-out-period".

The Company has complied with Rule 1207(19) of the Catalist Rules in the reporting year ended 31 December 2018.

INTERESTED PERSON TRANSACTIONS ("IPTs")

The AC will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. The main objective is to ensure that all IPTs are conducted on arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. IPTs are subject to review by the AC on a quarterly basis.

The Group does not have a general mandate from Shareholders for IPT pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPTs entered into between the Company or its subsidiaries and any of its interested persons exceeding S$100,000 during FY2018.

MATERIAL CONTRACTS

There is no other material contract entered into between the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder, which are subsisting at the end of the financial year reported on or, if not then subsisting, entered into since the end of the previous financial year except for Director's remuneration as disclosed in the Notes to the Financial Statements in this Annual Report.

CATALIST SPONSOR

On 19 November 2018, Asian Corporate Advisors Pte. Ltd. was appointed as the Company's continuing sponsor in place of ZICO Capital Pte. Ltd..

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsorship fees were payable or paid to ZICO Capital Pte. Ltd. and Asian Corporate Advisors Pte. Ltd. in FY2018.

CORPORATE GOVERNANCE REPORT

APPENDIX 7F

ANNOUNCEMENT OF APPOINTMENT
Cross-referenced from Rule 704(6)

Date of Appointment
22-Jul-2011

Date of Last Re-Election
28 April 2017

Name of person
Lee Jim Teck

Age
68

Country of principal residence
Singapore

The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)
The re-election of Mr Lee as the Independent Director of the Company was recommended by NC and the Board has accepted the recommendation, after taken into consideration of his qualifications, past experiences and overall contribution since he was appointed a Director of the Company.

Whether appointment is executive, and if so, the area of responsibility
Non-executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
Independent Director & Member of Audit Committee, Nominating Committee and Remuneration Committee

Professional Qualification
Bachelor of Accountancy Degree from National University of Singapore
Member of the Institute of Directors, SID
Member of the Institute of Singapore Certified Accountants, ISCA

Working experience and occupation(s) during the past 10 years
2008-2009 – Finance and Admin Manager, the Methodist Church in Singapore

Shareholding interest in the listed issuer and its subsidiaries
NIL

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
NIL

Conflict of interest (including any competing business)
NIL

CORPORATE GOVERNANCE REPORT

Undertaking (in the format set out in App end ix 7H) under Rule 720(1) has been submitted to the listed issuer
Yes

Other Directorships

Past (for the last 5 years): NIL

Present:
2008 – Present: Hosanna Bereavement Services Pte. Ltd.

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	**No**
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	**No**
(c)	Whether there is any unsatisfied judgment against him?	**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**
(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**
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	**No**
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	**No**

CORPORATE GOVERNANCE REPORT

(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**
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	**No**
(j)	Whether he has ever, to his knowledge, been concerned with the management or 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**
	(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**
	(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**
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	**No**
(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**

CORPORATE GOVERNANCE REPORT

APPENDIX 7F

ANNOUNCEMENT OF APPOINTMENT
Cross-referenced from Rule 704(6)

Date of Appointment
12-May-2016

Date of Last Re-Election
28 April 2017

Name of person
Cheung Chi Kin

Age
46

Country of principal residence
Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)
The re-election of Mr Cheung as the Non-Executive Director of the Company was recommended by NC and the Board has accepted the recommendation, after taken into consideration of his qualifications, past experiences and overall contribution since he was appointed a Director of the Company.

Whether appointment is executive, and if so, the area of responsibility
Non-executive

Professional Qualification
CEO Course from Tsinghua University Mining Investment
Master in Business Administration from Open University of Macau
Honours Degree in Computing Mathematics from City University of Hong Kong

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
Non-Executive Director & Member of Audit Committee, Nominating Committee and Remuneration Committee

Working experience and occupation(s) during the past 10 years
11/2014 – Present
Consultant of Huizhong Asset Management Co. Ltd. and Yangpu Quanan Commercial Management Co. Ltd.
10/2008 – 10/2014
Vice President of General Nice Asset Management Co. Ltd.

Shareholding interest in the listed issuer and its subsidiaries
NIL

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
NIL

CORPORATE GOVERNANCE REPORT

Conflict of interest (including any competing business)
NIL

Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer
Yes

Other Directorships

Past (for the last 5 years): NIL

Present: NIL

Information required

Disclose the following matters concerning an appointment of director, chief executive officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	**No**
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	**No**
(c)	Whether there is any unsatisfied judgment against him?	**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**
(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**
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	**No**
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	**No**

CORPORATE GOVERNANCE REPORT

(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**
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	**No**
(j)	Whether he has ever, to his knowledge, been concerned with the management or 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**
	(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**
	(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**
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	**No**
(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**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 45 to 106 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Li Anhua
Cheong Weixiong, Jeff
Lee Jim Teck, Edward
Cheung Chi Kin, Ken

In accordance with Article 115 of the Company's Articles of Association, Lee Jim Teck, Edward and Cheung Chi Kin, Ken are due to retire at the forthcoming Annual General Meeting, and being eligible, offer himself for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in name of director	
	At 31.12.2018	**At 01.01.2018**
Company		
(No. of ordinary shares)		
Cheong Weixiong, Jeff	**2,599,700**	**2,599,700**

The directors' interests in the ordinary shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

SHARE OPTIONS

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

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

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDIT COMMITTEE

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

Li Anhua	(Chairman of Audit Committee and Independent Director)
Lee Jim Teck, Edward	(Non-Executive Director and Independent Director)
Cheung Chi Kin, Ken	(Non-Executive Director)

All members of the Audit Committee are independent and non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018 before their submission to the Board of Directors.

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

INDEPENDENT AUDITOR

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

On behalf of the directors

Cheong Weixiong, Jeff
Director

Li Anhua
Director

1 April 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sinjia Land Limited (the "**Company**") and its subsidiary corporations (the "**Group**"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 for the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Financial assets, FVOCI (Refer to Note 20 to the financial statements) The valuation of the Group's financial assets at fair value through other comprehensive income was a key area of focus due to the degree of complexity involved in valuing some of the financial assets and the significance of the judgements and estimates made by management. In particular, the determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data. As at 31 December 2018, the Group has equity securities classified as available-for-sale financial assets of $11,245,000, which represents 50% of the Group's total assets, out of which $10,907,000 are unlisted equity securities and classified as level 3 investments. Management determines the fair value of the level 3 investments using the best information available in the circumstances taking into account all information that is reasonably available.	In obtaining sufficient audit evidence, we have performed the following procedures: • Reviewed and assessed management's basis and assumptions used in the estimation of fair value of the financial assets at fair value through other comprehensive income; • Obtained supporting documents to check the reasonableness of management's basis and assumptions used; and • Assessed the adequacy of the related disclosures in the financial statements in relation to the Group's exposure to financial instrument valuation risk.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Responsibilities of Management and Directors for the Financial Statements (continued)

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Loh Ji Kin.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

1 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Continuing operations			
Revenue	4	**526**	474
Cost of sales	5	**(547)**	(397)
Gross (loss)/profit		**(21)**	77
Other income	7	**40**	7
Other credits	8	**720**	1,190
Expenses			
– Distribution and marketing	5	**(7)**	(8)
– Administrative	5	**(2,050)**	(2,100)
– Finance	9	**(8)**	(23)
– Other charges	8	**(2,063)**	(4,387)
Loss before tax		**(3,389)**	(5,244)
Income tax expense	10	**–**	(3)
Loss from continuing operations		**(3,389)**	(5,247)
Discontinued operations			
Loss from discontinued operations	11	**–**	(3,618)
Total loss		**(3,389)**	(8,865)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value losses	19	**–**	(2,232)
Currency translation differences arising from consolidation			
– Losses		**–**	(123)
– Reclassification		**–**	1,701
Reclassification of defined benefit obligation		**–**	74
Items that will not be reclassified subsequently to profit or loss			
Financial assets, at FVOCI			
Fair value losses, equity instrument	20	**(262)**	–
Re-measurement of defined benefit obligation	30	**–**	(35)
Other comprehensive loss, net of tax		**(262)**	(615)
Total comprehensive loss		**(3,651)**	(9,480)
(Loss)/Profit attributable to:			
Equity holders of the Company		**(3,549)**	(7,662)
Non-controlling interests		**160**	(1,203)
		(3,389)	(8,865)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Loss attributable to equity holders of the Company relates to:			
Loss from continuing operations		**(3,549)**	(4,044)
Loss from discontinued operations		**–**	(3,618)
		(3,549)	(7,662)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(3,811)**	(8,277)
Non-controlling interests		**160**	(1,203)
		(3,651)	(9,480)
Loss per share for loss from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic and diluted loss per share			
From continuing operations	12	**(2.00)**	(2.42)
From discontinued operations	12	**–**	(2.17)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

		Group			Company		
		31 December		1 January	31 December		1 January
	Note	2018	2017	2017	2018	2017	2017
		$'000	$'000	$'000	$'000	$'000	$'000
ASSETS							
Current assets							
Inventories	13	**–**	–	1,541	**–**	–	–
Trade and other receivables	14	**2,912**	682	5,961	**3,074**	686	6,944
Other current assets	15	**202**	152	560	**66**	65	61
Financial assets, at fair value through profit or loss	16	**1,028**	1,782	2,051	**1,028**	1,782	2,051
Cash and cash equivalents	17	**3,823**	5,939	6,550	**3,705**	5,793	1,167
		7,965	8,555	16,663	**7,873**	8,326	10,223
Assets of disposal group classified as held-for-sale	18	**792**	792	3,258	**853**	853	3,207
		8,757	9,347	19,921	**8,726**	9,179	13,430
Non-current assets							
Available-for-sale financial assets	19	**–**	11,507	13,881	**–**	11,507	13,881
Financial assets at fair value through other comprehensive income	20	**11,245**	–	–	**11,245**	–	–
Other receivables	21	**–**	2,356	–	**–**	2,356	–
Investment in associated company	22	**–**	–	–	**–**	–	–
Investments in subsidiary corporations	23	**–**	–	–	**4,091**	4,091	12,060
Plant and equipment	24	**16**	39	2,326	**8**	32	110
Investment property	25	**2,540**	2,540	–	**2,540**	2,540	–
Goodwill	26	**–**	–	758	**–**	–	–
		13,801	16,442	16,965	**17,884**	20,526	26,051
Total assets		**22,558**	25,789	36,886	**26,610**	29,705	39,481

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

		Group			Company		
		31 December		1 January	31 December		1 January
	Note	2018	2017	2017	2018	2017	2017
		$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES							
Current liabilities							
Trade and other payables	27	**10,703**	12,281	13,357	**10,641**	10,973	11,176
Current income tax liabilities		**–**	–	192	**–**	–	–
Borrowings	28	**44**	99	901	**4,175**	4,132	5,891
		10,747	12,380	14,450	**14,816**	15,105	17,067
Liabilities directly associated with disposal group classified as held-for-sale	18	**–**	–	1,256	**–**	–	–
		10,747	12,380	15,706	**14,816**	15,105	17,067
Non-current liabilities							
Borrowings	28	**135**	179	303	**135**	179	303
Retirement benefit obligation	30	**–**	–	244	**–**	–	–
Deferred income tax liabilities		**–**	–	23	**–**	–	–
		135	179	570	**135**	179	303
Total liabilities		**10,882**	12,559	16,276	**14,951**	15,284	17,370
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	31	**25,247**	25,247	23,147	**25,247**	25,247	23,147
Treasury shares	31	**(2,602)**	(2,602)	(2,602)	**(2,602)**	(2,602)	(2,602)
Accumulated losses		**(11,741)**	(8,192)	(615)	**(11,626)**	(9,126)	(1,568)
Other reserves	32	**640**	902	1,602	**640**	902	3,134
		11,544	15,355	21,532	**11,659**	14,421	22,111
Non-controlling interests	23	**132**	(2,125)	(922)	**–**	–	–
Total equity		**11,676**	13,230	20,610	**11,659**	14,421	22,111
Total equity and liabilities		**22,558**	25,789	36,886	**26,610**	29,705	39,481

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		←Attributable to equity holders of the Company→						
Group	**Note**	**Share capital $'000**	**Treasury shares $'000**	**Accumulated losses $'000**	**Other reserves $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
2018								
Beginning of financial year		**25,247**	**(2,602)**	**(8,192)**	**902**	**15,355**	**(2,125)**	**13,230**
(Loss)/Profit for the financial year		**–**	**–**	**(3,549)**	**–**	**(3,549)**	**160**	**(3,389)**
Other comprehensive loss for the financial year		**–**	**–**	**–**	**(262)**	**(262)**	**–**	**(262)**
Total comprehensive (loss)/income for the financial year		**–**	**–**	**(3,549)**	**(262)**	**(3,811)**	**160**	**(3,651)**
Liquidation of a subsidiary corporation		**–**	**–**	**–**	**–**	**–**	**2,097**	**2,097**
Total transactions with owners, recognised directly in equity		**–**	**–**	**–**	**–**	**–**	**2,097**	**2,097**
End of financial year		**25,247**	**(2,602)**	**(11,741)**	**640**	**11,544**	**132**	**11,676**
2017								
Beginning of financial year		23,147	(2,602)	(615)	1,602	21,532	(922)	20,610
Loss for the financial year		–	–	(7,662)	–	(7,662)	(1,203)	(8,865)
Other comprehensive income/(loss) for the financial year		–	–	39	(654)	(615)	–	(615)
Total comprehensive loss for the financial year		–	–	(7,623)	(654)	(8,277)	(1,203)	(9,480)
Issue of new shares	31	2,100	–	–	–	2,100	–	2,100
Disposal of a subsidiary corporation		–	–	46	(46)	–	–	–
Total transactions with owners, recognised directly in equity		2,100	–	46	(46)	2,100	–	2,100
End of financial year		25,247	(2,602)	(8,192)	902	15,355	(2,125)	13,230

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Total loss			
– From continuing operations		**(3,389)**	(5,247)
– From discontinued operations		**–**	(3,618)
		(3,389)	(8,865)
Adjustments for:			
– Income tax expense	10	**–**	1,132
– Depreciation of plant and equipment	24	**26**	544
– Impairment loss on plant and equipment	8	**–**	2,469
– Interest income		**(40)**	(43)
– Interest expense		**8**	98
– Loss on disposal of a subsidiary corporation		**–**	6,388
– Loss on liquidation of a subsidiary corporation		**1,301**	–
– Impairment on goodwill	8	**–**	758
– Gain on realisation of convertible loan note	8	**–**	(996)
– Unrealised currency translation gains		**(265)**	(163)
– Financial assets, at fair value through profit or loss	8	**754**	269
Operating cash flows before working capital changes		**(1,605)**	1,322
Change in working capital net of effects from acquisition and disposal of subsidiary corporations:			
– Inventories		**–**	(55)
– Trade and other receivables		**114**	(2,449)
– Other current assets		**(50)**	417
– Trade and other payables and provisions		**(505)**	5,759
Cash flows (used in)/generated from operations		**(2,046)**	5,263
Income tax paid		**–**	(857)
Net cash (used in)/provided by operating activities		**(2,046)**	4,406
Cash flows from investing activities			
Additions to plant and equipment		**(3)**	(467)
Disposal of a subsidiary corporation, net of cash disposed of		**–**	(6,786)
Proceeds from disposal of available-for-sale financial assets		**–**	30
Proceeds from disposal of a subsidiary corporation		**–**	476
Interest received		**40**	43
Net cash provided by/(used in) investing activities		**37**	(6,704)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	31	**–**	2,100
Repayment of borrowings		**(60)**	(277)
Repayment of lease liabilities		**(39)**	(38)
Interest paid		**(8)**	(98)
Net cash (used in)/provided by financing activities		**(107)**	1,687
Net decrease in cash and cash equivalents		**(2,116)**	(611)
Cash and cash equivalents			
Beginning of financial year		**5,939**	6,550
End of financial year	17	**3,823**	5,939

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2018 $'000	Principal and interest payments $'000	Non-cash changes	31 December 2018 $'000
			Interest expense $'000	
Borrowings	**60**	**(60)**	**–**	**–**
Lease liabilities	**218**	**(47)**	**8**	**179**

	1 January 2017 $'000	Principal and interest payments $'000	Non-cash changes		31 December 2017 $'000
			Disposal of subsidiary corporations $'000	Interest expense $'000	
Borrowings	948	(292)	(611)	15	60
Lease liabilities	256	(46)	–	8	218

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1. GENERAL INFORMATION

Sinjia Land Limited (the "**Company**") is a Company incorporated in the Republic of Singapore and is listed on the Catalist, the sponsor-supervised listing platform of Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The address of its registered office is 16 Kallang Place, #01-16, Singapore 339156.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary corporations are described in Note 23 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

2.2 Adoption of SFRS(I)

As required by the listing requirements of Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("**SFRS**").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 – First-time Adoption of SFRS(I).

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's and the Company's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("**date of transition**").

There are no material adjustments to the Group's financial statements arising from the transition from SFRS to SFRS(I). Accordingly, the comparative financial statements for 31 December 2018 and financial statements for 1 January 2018 were not restated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of SFRS(I) (continued)

Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group and the Company has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS(I) 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017. The Group and the Company is also exempted from complying with SFRS(I) 7 Financial Instruments: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9. As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

Practical expedients on adoption of SFRS(I) 15 Revenue from Contracts with Customers

The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients provided under SFRS(I) 15 as follows:

- For completed contracts with variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
- For contracts which were modified before the date of transition, the Group did not retrospectively restate the contract for those contract modifications; and
- For the financial year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

2.3 Revenue recognition

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.

(a) *Interest income*

Interest income is recognised using the effective interest method.

(b) *Accommodation services*

Revenue from accommodation services is recognised when the promised services are provided to the customers.

2.4 Government grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

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

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

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

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(ii) *Acquisitions (continued)*

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) *Disposals*

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

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

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

(b) *Transactions with non-controlling interests*

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

2.6 Plant and equipment

(a) *Measurement*

(i) *Plant and equipment*

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Components of costs*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Plant and equipment (continued)

(b) *Depreciation*

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

	Useful lives
Leasehold improvements	3 years
Motor vehicles	5 years
Plant and equipment	3 to 10 years

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

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

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

(d) *Disposal*

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other credits and other (charges)".

2.7 Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporation is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiary corporations include the carrying amount of goodwill relating to the entity sold.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of assets under construction, as well as those in relation to general borrowings used to finance the construction or development of assets under construction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investments in subsidiary corporations

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

2.10 Investment property

Investment property includes a hotel lodge that is held for capital appreciation and future disposal.

Investment property is initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on highest and best use basis. Changes in fair values are recognised in profit or loss.

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

2.11 Impairment of non-financial assets

(a) *Goodwill*

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("**CGU**") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) *Plant and equipment*
Investments in subsidiary corporations
Investment property

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets (continued)

(b) *Plant and equipment*
Investments in subsidiary corporations
Investment property

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

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

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

2.12 Financial assets

The accounting for financial assets before 1 January 2018 is as follows:

(a) *Classification*

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

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(a) *Classification (continued)*

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 14), "Other current assets" (Note 15) and "Cash and cash equivalents" (Note 17) on the balance sheet.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

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

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

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

(e) *Impairment*

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

(i) *Loans and receivables*

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

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

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

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.12(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(e) Impairment (continued)

(ii) Available-for-sale financial assets (continued)

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised as an expense for an equity security are not reversed through profit or loss in subsequent period.

The accounting for financial assets from 1 January 2018 is as follows:

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

– Amortised cost;

– Fair value through other comprehensive income (FVOCI); and

– Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

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.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(a) *Classification and measurement (continued)*

<u>*At subsequent measurement (continued)*</u>

The subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, are as follows:

(i) *Debt instruments*

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Equity investments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other credits/charges", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Offsetting financial instruments

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

2.14 Borrowings

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

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

2.15 Trade and other payables

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

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

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases

When the Group is the lessee:

The Group leases motor vehicles under finance leases and office space and warehouses under operating leases from non-related parties.

(i) *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.19 Income taxes

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income taxes (continued)

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

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

2.20 Provisions

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

2.21 Employee compensation

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

(a) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation (continued)

(a) *Defined contribution plans (continued)*

People's Republic of China ("China")

A subsidiary corporation, incorporated and operating in China, is required to provide certain retirement plan contribution to their employees under the China regulations. Contributions are provided at rates stipulated by China regulations and are contributed to a pension fund managed by government agencies, which are responsible for administering these amounts for the subsidiary corporation's employees. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution retirement plans are recognised as expenses in the period in which the related services are performed.

(b) *Defined benefit plans*

Defined benefit plans are post-employment pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

The Group provides defined post-employment benefits to its employees in accordance with Indonesia Labor Law No. 13/2003.

(c) *Profit sharing and bonus plans*

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

(d) *Short-term compensated absences*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

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

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

(c) *Translation of Group entities' financial statements*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (continued)

(c) *Translation of Group entities' financial statements (continued)*

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

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Share capital and treasury shares

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

When any entity within the Group purchases the Company's ordinary shares ("**treasury shares**"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.26 Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) Financial assets at fair value through other comprehensive income

Management review its financial assets at fair value through other comprehensive income and assess the fair value based on fair value technique for any changes in the fair value. This requires an assessment of whether there are significant adverse changes in the business environment where the investee operates or probability of insolvency or significant difficulties of the investee.

Based on the assessment, management is of the opinion that the carrying amount of financial assets at fair value through other comprehensive income at the balance sheet date approximates their fair value.

The carrying amount of the financial assets at fair value through other comprehensive income at the balance sheet date is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE

	Group	
	2018	**2017**
	$'000	**$'000**
Accommodation services	**526**	474

The Group derives revenue from the provision of accommodation services at a point in time. The accommodation services revenue is derived in Singapore.

5. EXPENSE BY NATURE

	Group	
	2018	**2017**
	$'000	**$'000**
Fees on audit services paid/payable to:		
– Auditor of the Company	**62**	83
– Other auditors	**1**	1
Fees on non-audit services paid/payable to:		
– Auditor of the Company	**19**	23
Depreciation of plant and equipment (Note 24)	**26**	93
Employee compensation (Note 6)	**1,446**	1,103
Insurance	**15**	15
Professional fees	**307**	296
Rental expense on operating leases	**295**	301
Statutory charges	**78**	38
Telephone	**17**	25
Travelling	**53**	94
Upkeep of motor vehicle	**63**	71
Utilities, power and light	**36**	29
Others	**186**	333
Total cost of sales, distribution and marketing and administrative expenses	**2,604**	2,505

6. EMPLOYEE COMPENSATION

	Group	
	2018	**2017**
	$'000	**$'000**
Wages and salaries	**1,198**	857
Directors' fees	**170**	170
Employer's contribution to defined contribution plans including Central Provident Fund	**78**	76
	1,446	1,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. OTHER INCOME

	Group	
	2018	**2017**
	$'000	**$'000**
Interest income on financial assets at amortised cost		
– Bank deposits	**40**	7

8. OTHER CREDITS AND OTHER (CHARGES)

	Group	
	2018	**2017**
	$'000	**$'000**
Rental income	**102**	85
Currency exchange gain – net	**265**	99
Impairment on goodwill	**–**	(758)
Repayment of excess government grant income received	**–**	(20)
Impairment on plant and equipment	**–**	(2,469)
Loss on liquidation of a subsidiary corporation	**(1,301)**	–
Gain on realisation of convertible loan note	**–**	996
Fair value losses on financial assets mandatorily measured at fair value through profit or loss (Note 16)	**(754)**	(269)
Write back/(Write off) of trade and other receivables	**22**	(780)
Reversal of accruals	**320**	–
Fair value adjustment on non-current receivables	**–**	(91)
Others	**3**	10
	(1,343)	(3,197)
Presented in consolidated statement of comprehensive income as:		
Other credits	**720**	1,190
Other charges	**(2,063)**	(4,387)
	(1,343)	(3,197)

9. FINANCE EXPENSES

	Group	
	2018	**2017**
	$'000	**$'000**
Interest expense		
– Finance lease liabilities	**7**	8
– Bank borrowings	**1**	15
Finance expense recognised in profit or loss	**8**	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. INCOME TAX EXPENSE

	Group	
	2018	**2017**
	$'000	**$'000**
Tax expense attributable to loss is made up of:		
– Loss for the financial year		
From discontinued operations		
Current income tax		
– Foreign	**–**	1,129
– Under provision in prior financial years:		
From continuing operations		
Current income tax		
– Singapore	**–**	3
	–	1,132
Tax expense attributable to loss is made up of:		
– Continuing operations	**–**	3
– Discontinued operations	**–**	1,129
	–	1,132

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

	Group	
	2018	**2017**
	$'000	**$'000**
Loss before tax from		
– Continuing operations	**(3,389)**	(5,244)
– Discontinued operations	**–**	(2,489)
Loss before tax	**(3,389)**	(7,733)
Tax calculated at tax rate of 17% (2017: 17%)	**(576)**	(1,315)
Effects of:		
– Different tax rate in other countries	*****	341
– Expenses not deductible for tax purposes	**660**	2,418
– Income not subjected to tax	**(102)**	(315)
– Deferred tax assets not recognised	**18**	–
– Underprovision of income tax in prior financial years	**–**	3
Tax charge	**–**	1,132

* Less than 1,000

11. DISCONTINUED OPERATIONS

During prior financial year, the Group disposed its entire equity interests in its subsidiary, HLN Rubber Products Pte. Ltd. together with its subsidiaries, PT HLN Batam, HLN (Suzhou) Rubber Products Co Ltd and HLN Rubber Industries Sdn. Bhd..

The entire results of the above subsidiaries are presented separately in the consolidated statement of comprehensive income as "Discontinued Operations".

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

	Group 2017 $'000
Revenue	18,967
Other credits	133
Expenses	(21,589)
Loss before tax from discontinued operations	(2,489)
Income tax expense	(1,129)
Loss after tax from discontinued operations	(3,618)

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

	Group 2017 $'000
Operating cash inflow	2,269
Investing cash outflow	(104)
Financing cash inflow	626
Total cash inflow	2,791

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of shares outstanding during the financial year.

	Group
2018	
Loss attributable to the equity holders of the Company ($'000)	**(3,549)**
Weighted average number of ordinary shares ('000)	**177,073**
Basic and diluted loss per share (cents per share)	**(2.00)**

		Group	
	Continuing operations $'000	**Discontinued operations $'000**	**Total $'000**
2017			
Loss attributable to the equity holders of the Company ($'000)	(4,044)	(3,618)	(7,662)
Weighted average number of ordinary shares ('000)	166,908	166,908	166,908
Basic and diluted loss per share (cents per share)	(2.42)	(2.17)	(4.59)

There were no dilutive potential ordinary shares in respect of performance shares during the financial years ended 31 December 2017 and 2018.

13. INVENTORIES

	Group		
	31 December		**1 January**
	2018 $'000	**2017 $'000**	**2017 $'000**
Raw materials and consumables	**–**	–	749
Work-in-progress	**–**	–	361
Finished goods	**–**	–	431
	–	–	1,541

Inventories were the assets of HLN Rubber Products Pte. Ltd. and its subsidiaries. On 15 December 2017, the Group had completed the disposal of HLN Rubber Products Pte. Ltd. and its subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

14. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables						
– Non-related parties	**15**	1,070	4,209	**14**	79	(11)
Less: Allowance for impairment of receivables – non- related parties (Note 35(b))	**–**	(1,010)	(55)	**–**	–	–
Trade receivables – net	**15**	60	4,154	**14**	79	(11)
Other receivables						
– Loan to subsidiary corporations[a]	**–**	–	–	**–**	2,266	1,811
Amount due from subsidiary corporations[a]	**–**	–	–	**284**	106	4,472
Convertible loan	**–**	–	1,000	**–**	–	1,000
Accrued interest receivables	**–**	–	544	**–**	–	544
Other receivables	**2,897**	622	263	**2,882**	607	28
	2,897	622	1,807	**3,166**	2,979	7,855
Less: Allowance for impairment of other receivables – subsidiary corporation (Note 35(b))	**–**	–	–	**(106)**	(2,372)	(900)
Other receivables – net	**2,897**	622	1,807	**3,060**	607	6,955
	2,912	682	5,961	**3,074**	686	6,944

(a) The loan and amount due from subsidiary corporations are unsecured, interest free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. OTHER CURRENT ASSETS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deposits	**105**	105	405	**27**	27	27
Prepayments	**97**	47	155	**39**	38	34
	202	152	560	**66**	65	61

16. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

In previous financial year, the Group had subscribed for redeemable participating shares in an investment fund named Fortune Asia Long Short Fund (the "**Fund**").

The investment objective of the Fund is to achieve long term capital growth through investments in equities which are publicly traded and listed in recognised stock exchanges in Asia (excluding Japan) and/or equities which are publicly traded or listed in recognised stock exchanges outside Asia, of issuers whose revenue is derived substantially from business activities or operations in Asia.

	Group and Company	
	2018	2017
	$'000	$'000
Beginning of financial year	**1,782**	2,051
Fair value losses (Note 8)	**(754)**	(269)
End of financial year	**1,028**	1,782

	Group and Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
Current			
– Non-listed equity security	**1,028**	1,782	2,051

The instruments are all mandatorily measured at fair value through profit or loss.

17. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at bank and on hand	**3,823**	5,939	6,550	**3,705**	5,793	1,167

Acquisition and disposal of subsidiary corporation

On 15 December 2017, the Company completed the disposal of HLN Rubber Products Pte. Ltd. and its subsidiary corporations. The effects of the deconsolidation on the cash flows of the Group were as follows:

	Group 2017 $'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	7,262
Inventories	1,596
Trade and other receivables	6,860
Plant and equipment	1,759
Total assets	17,477
Trade and other payables	(8,374)
Borrowings	(611)
Current income tax liabilities	(467)
Deferred income tax liabilities	(23)
Total liabilities	(9,475)
Net assets disposed of	8,002
The aggregate cash inflows arising from the disposal HLN Rubber Products Pte. Ltd. and its subsidiaries were:	
Net assets disposed of (as above)	8,002
– Reclassification of currency translation reserve (Note 32(b)(i))	1,701
– Reclassification of statutory reserve (Note 32(b)(iii))	(46)
– Reclassification of other comprehensive income	39
	9,696
Proceeds from disposal	(3,308)
Loss on disposal	6,388
Proceeds received	476
Proceeds receivable	2,832
Less: Cash and cash equivalents in subsidiary corporation disposed of	(7,262)
Net cash outflow on disposal	(6,786)

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18. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

As at 31 December 2018 and 2017, the carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd. is classified as disposal group held-for-sale on the balance sheet.

As at 1 January 2017, the entire assets and liabilities related to Sinjia RTE Solutions Pte. Ltd. and carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd. are classified as disposals groups held-for-sale on the balance sheet.

Ace Empire Capital Sdn. Bhd.

On 5 November 2018, the Company entered into a share sale agreement to dispose the associated company, Ace Empire Capital Sdn. Bhd. in exchange for two plot of shop-offices. The disposal process is expected to be completed in 2019.

Sinjia RTE Solutions Pte. Ltd.

As at 31 December 2017, the Company reversed Sinjia RTE Solutions Pte. Ltd. from the assets of disposal group classified as held-for-sale, as the proposed disposal of the entity did not materialise. Subsequently, the Company liquidated Sinjia RTE Solutions Pte. Ltd. in November 2018.

	Group		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
(a) Details of the assets of disposal group classified as held-for-sale are as follows:			
Trade and other receivables	**792**	792	1,872
Other current assets	**–**	–	9
Plant and equipment	**–**	–	1
Asset under construction	**–**	–	2,469
Less: Impairment loss on trade receivables	**–**	–	(1,093)
	792	792	3,258
(b) Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:			
Trade and other payables	**–**	–	1,256

	Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
(b) Details of the assets in disposal group classified as held-for-sale are as follows:			
Trade and other receivables	**792**	792	4,066
Investment in associated company	**61**	61	61
Investment in subsidiary corporation	**–**	–	148
Less: Impairment loss on other receivables	**–**	–	(1,068)
	853	853	3,207

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Beginning of financial year	**11,507**	13,881
Reclassification at 1 January 2018 (Note 20)	**(11,507)**	–
Disposal	**–**	(142)
Fair value losses (Note 32(b)(ii))	**–**	(2,232)
End of financial year	**–**	11,507

	Group and Company	
	2017	**2017**
	$'000	**$'000**
Unlisted security		
– Equity security – Tianjin Swan Lake Real Estate Development Co., Limited ("**TJSL**")	**10,907**	10,907
Listed security		
– Equity security – Singapore	**600**	2,974
Total	**11,507**	13,881

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Beginning of financial year	**–**	–
Reclassification at 1 January 2018 (Note 19)	**11,507**	–
Fair value losses (Note 32(b)(ii))	**(262)**	–
End of financial year	**11,245**	–

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Non-current assets		
Unlisted security		
– Equity security – Tianjin Swan Lake Real Estate Development Co., Limited ("**TJSL**")[(a)]	**10,907**	–
Listed security		
– Equity security – Singapore[(b)]	**338**	–
	11,245	–

(a) Management is of the view that the carrying amount, which is based on the differences between the cost and the cumulative amount received from the prospective buyer, approximates its fair value as there are no other financial information available (to management) to estimate its fair value.

(b) Received as partial consideration of the disposal of TJSL. Consists of 7,824,000 shares, initially valued at $0.42 each, of a company listed on the Main Board of the SGX-ST.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables				
– Proceeds from disposal of subsidiary corporations	**–**	2,356	–	2,356

The fair values of non-current other receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values and the market borrowing rates used are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables				
– Proceeds from disposal of subsidiary corporations	**–**	2,447	–	2,447

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables				
– Proceeds from disposal of subsidiary corporations	**–**	3.88%	–	3.88%

22. INVESTMENT IN ASSOCIATED COMPANY

In line with the restructuring exercise of the Group in the financial year 2015, the management has classified the investment in associated company to "Disposal group classified as held-for-sale" (Note 18). The disposal of the associated company is expected to take place in 2019.

The associated company as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also its principal place of business.

Name of entity	**Principal activities**	**Country of business/ incorporation**	**Equity holding**		
			31 December		**1 January**
			2018	**2017**	**2017**
			%	**%**	**%**
Ace Empire Capital Sdn. Bhd.	Property developer	Malaysia	**30**	30	30

There are no contingent liabilities relating to the Group's interest in the associated company.

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23. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2018	**2017**
	$'000	**$'000**
Equity investments at cost		
Beginning of financial year	**9,708**	16,060
Reclassified from assets of disposal groups held-for-sale	**–**	148
Addition	*****	–
Disposal	**(4,148)**	(6,500)
End of financial year	**5,560**	9,708
Allowance for impairment		
Beginning of financial year	**(5,617)**	(4,000)
Additions	**–**	(1,617)
Disposal	**4,148**	–
End of financial year	**(1,469)**	(5,617)
Carrying amount		
End of financial year	**4,091**	4,091

* Less than 1,000

The Group had the following subsidiary corporations as at 31 December 2018 and 2017:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent 31 December		Proportion of ordinary shares directly held by the Group 31 December		Proportion of ordinary shares held by non-controlling interests 31 December	
			2018 %	**2017 %**	**2018 %**	**2017 %**	**2018 %**	**2017 %**
Sinjia Properties Pte. Ltd.[(a)]	Precision polymeric die-cutting of foams and other materials	Singapore	**100**	100	**100**	100	**–**	–
HLN Micron Pte. Ltd.[(c)]	Investment holding company	Singapore	**–**	100	**–**	100	**–**	–
G4 Station Pte. Ltd.[(a)]	Lodging and boardings houses and backpackers hostel	Singapore	**80**	80	**80**	80	**20**	20
Sinjia RTE Solutions Pte. Ltd.[(d)]	Procuring, assembling and installing fuel cell systems for generation of electricity and production of synthetic diesel	Singapore	**–**	51	**–**	51	**–**	49
Sinjia Properties Sdn. Bhd.[(b)] (ASQ PLT)	Investment holding company	Malaysia	**100**	–	**100**	–	**–**	–

(a) Audited by Nexia TS Public Accounting Corporation, Singapore.

(b) Audited by firms of accountants other than member firms of Nexia International. Their names are indicated as above.

(c) Struck off in July 2018.

(d) Liquidated in November 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

23. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

Carrying value of non-controlling interests

	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Sinjia RTE Solutions Pte. Ltd.	**–**	(2,263)	(1,084)
G4 Station Pte. Ltd.	**132**	138	162
Total	**132**	(2,125)	(922)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheets

	Sinjia RTE Solutions Pte. Ltd.		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Current			
Assets	**–**	15	14
Liabilities	**–**	(4,485)	(4,548)
Total current net liabilities	**–**	(4,470)	(4,534)
Non-current			
Assets	**–**	–	2,470
Net liabilities	**–**	(4,470)	(2,064)

Summarised income statements

	Sinjia RTE Solutions Pte. Ltd.		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Loss before income tax and total comprehensive loss	**340**	2,406	1,164

Summarised cash flows

	Sinjia RTE Solutions Pte. Ltd.		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Net cash generated from operating activities	**–**	–	35,427

NOTES TO THE FINANCIAL STATEMENTS

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24. PLANT AND EQUIPMENT

	Leasehold improvements $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Group				
2018				
Cost				
Beginning of financial year	**8**	**388**	**2,520**	**2,916**
Additions	**3**	**–**	**–**	**3**
Disposals	**–**	**–**	**(2,471)**	**(2,471)**
End of financial year	**11**	**388**	**49**	**448**
Accumulated depreciation and impairment				
Beginning of financial year	**2**	**376**	**2,499**	**2,877**
Depreciation charge	**2**	**12**	**12**	**26**
Disposals	**–**	**–**	**(2,471)**	**(2,471)**
End of financial year	**4**	**388**	**40**	**432**
Net book value				
End of financial year	**7**	**–**	**9**	**16**
2017				
Cost				
Beginning of financial year	2,112	611	4,799	7,522
Disposal of a subsidiary corporation	(2,109)	(223)	(4,738)	(7,070)
Additions	5	–	11	16
Disposals	–	–	(21)	(21)
Reclassified from disposal group	–	–	2,469	2,469
End of financial year	8	388	2,520	2,916
Accumulated depreciation and impairment				
Beginning of financial year	1,120	507	3,569	5,196
Disposal of a subsidiary corporation	(1,263)	(213)	(3,835)	(5,311)
Depreciation charge – Continuing	2	78	13	93
Depreciation charge – Discontinuing	143	4	304	451
Disposals	–	–	(21)	(21)
Impairment	–	–	2,469	2,469
End of financial year	2	376	2,499	2,877
Net book value				
End of financial year	6	12	21	39

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. PLANT AND EQUIPMENT (CONTINUED)

	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Company			
2018			
Cost			
Beginning of financial year	**388**	**51**	**439**
Disposal	**–**	**(2)**	**(2)**
End of financial year	**388**	**49**	**437**
Accumulated depreciation and impairment			
Beginning of financial year	**376**	**31**	**407**
Depreciation charge	**12**	**12**	**24**
Disposal	**–**	**(2)**	**(2)**
End of financial year	**388**	**41**	**429**
Net book value			
End of financial year	**–**	**8**	**8**
2017			
Cost			
Beginning of financial year	388	61	449
Additions	–	11	11
Disposal	–	(21)	(21)
End of financial year	388	51	439
Accumulated depreciation and impairment			
Beginning of financial year	298	41	339
Depreciation charge	78	11	89
Disposal	–	(21)	(21)
End of financial year	376	31	407
Net book value			
End of financial year	12	20	32

The carrying amounts of motor vehicles held under finance leases of the Group and the Company are $NIL (31 December 2017: $12,000; 1 January 2017: $90,000) at the balance sheet date.

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25. INVESTMENT PROPERTY

	Group and Company	
	2018	**2017**
	$'000	**$'000**
Beginning of financial year	**2,540**	–
Additions	**–**	2,540
End of financial year	**2,540**	2,540

The investment property was received as a repayment for the convertible loan that the Group had subscribed from Barons Vista, together with the accrued interest receivables. The management intends to dispose of the investment property in the near future.

Location	**Description**	**Tenure**
637 Bernie Street Killdeer, North Dakota 58640	Barons Lodge Hotel	Freehold

The investment property is measured at fair value using significant other observable inputs (Level 2).

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been derived using the adjusted average of the sales comparison, cost approach and income capitalisation approach. For the sales comparison method, sales prices of comparable properties in close proximity are adjusted for differences in income performance. The most significant input is the price per room. For cost approach, the Marshall Valuation Services ("**MVS**") was used as the basis for the replacement cost estimate used, adjusted for deterioration and obsolescence associated with the assets. The income capitalisation approach estimates the anticipated income by using past performance data of the hotel. The most significant input is the capitalisation rate.

There were no changes in valuation techniques during the year.

Valuation process of the Group

The Group had engaged an external independent and qualified appraiser to value the property based on the property's highest and best use. There is no change in fair value from the prior financial year.

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26. GOODWILL

	Group 2018 $'000	Group 2017 $'000
Goodwill arising on consolidation		
Cost		
Beginning of financial year	**–**	758
Impairment on goodwill	**–**	(758)
End of financial year	**–**	–

The goodwill of $758,000 is allocated to the sole subsidiary corporation under the hospitality management segment where the operations are held in Singapore, which is considered to be a cash-generating unit ("**CGU**").

The acquisition of the subsidiary corporation was completed during the financial year 2016. The Group has performed impairment assessment on this CGU in the previous financial year and has fully impaired the goodwill as the CGU was in a loss making position and is not expected to generate any positive cashflows in the foreseeable future. An impairment charge of $NIL (2017: $758,000) is included within "Other charges" in the statement of comprehensive income.

27. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables						
– Non-related parties	**–**	748	1,285	**–**	–	–
Accruals for operating expenses	**312**	689	1,057	**281**	316	368
Other payables						
– Non-related parties[(a)]	**10,391**	10,844	11,015	**10,360**	10,657	10,799
– Subsidiary corporations[(b)]	**–**	–	–	**–**	*	9
	10,703	12,281	13,357	**10,641**	10,973	11,176

* Less than 1,000

(a) Out of the total non-related parties other payables, $10,228,000 (2017: $10,473,000) was partial consideration received from the prospective buyer in connection with the disposal of financial assets, FVOCI (2017: Available-for-sale financial assets) of investment in equity security of Tianjin Swan Lake Real Estate Development Co., Limited ("**TJSL**") (Notes 19 and 20). This amount will be settled upon transferring the full equity investment in TJSL upon receiving the remaining consideration from the prospective buyer.

(b) The amount due to subsidiary corporations are unsecured, interest free and repayable upon demand.

28. BORROWINGS

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Loan from subsidiary corporation	**–**	–	–	**4,131**	4,033	5,614
Bank borrowings	**–**	60	866	**–**	60	242
Finance lease liabilities (Note 29)	**44**	39	35	**44**	39	35
	44	99	901	**4,175**	4,132	5,891
Non-current						
Bank borrowings	**–**	–	82	**–**	–	82
Finance lease liabilities (Note 29)	**135**	179	221	**135**	179	221
	135	179	303	**135**	179	303
Total borrowings	**179**	278	1,204	**4,310**	4,311	6,194

The Group is not exposed to interest rate changes on its borrowings as the interest rates are fixed.

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

	Company		
	31 December		1 January
	2018	2017	2017
	$'000	$'000	$'000
6 – 12 months	**4,131**	4,033	5,614

(a) Security granted

Total borrowings include secured liabilities of $179,000 (31 December 2017: $218,000; 1 January 2017: $880,000) and $179,000 (31 December 2017: $218,000; 1 January 2017: $256,000) for the Group and the Company respectively. Finance lease liabilities of the Group and the Company are effectively secured over the leased motor vehicles (Note 24), as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

(b) Fair values of non-current borrowings

The fair values of non-current borrowings carried at amortised cost approximate their carrying amounts.

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29. FINANCE LEASE LIABILITIES

The Group and the Company lease motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group			**Company**		
	31 December		**1 January**	**31 December**		**1 January**
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Minimum lease payments due						
– Not later than one year	**46**	46	42	**46**	46	42
– Between one and five years	**146**	138	184	**146**	138	184
– Later than five years	**–**	54	58	**–**	54	58
	192	238	284	**192**	238	284
Less: Future finance charges	**(13)**	(20)	(28)	**(13)**	(20)	(28)
Present value of finance lease liabilities	**179**	218	256	**179**	218	256

The present values of finance lease liabilities are analysed as follows:

	Group			**Company**		
	31 December		**1 January**	**31 December**		**1 January**
	2018	**2017**	**2017**	**2018**	**2017**	**2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Not later than one year (Note 28)	**44**	39	35	**44**	39	35
Later than one year (Note 28)						
– Between one and five years	**135**	126	165	**135**	126	165
– Later than five years	**–**	53	56	**–**	53	56
	135	179	221	**135**	179	221
Total	**179**	218	256	**179**	218	256

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30. RETIREMENT BENEFIT OBLIGATION

The Group's subsidiary corporation operating in Indonesia has unfunded defined benefit plans for its employees. These plans are final salary retirement and severance benefits.

On 15 December 2017, the Group completed the disposal of this subsidiary corporation and has also discharged the above obligation.

	Group	
	2018	**2017**
	$'000	**$'000**
Expenses charged to profit or loss:		
Defined pension benefits	–	54

The movement in the defined benefit obligation is as follows:

	Group	
	2018 Present value of obligation $'000	**2017 Present value of obligation $'000**
Beginning of financial year	–	244
Current service cost	–	35
Interest expense	–	19
Benefits paid during the year	–	(2)
Re-measurement:		
– Experience gains	–	(3)
– Losses from change in financial assumptions	–	38
	–	35
Disposal of a subsidiary corporation	–	(310)
Currency translation differences	–	(21)
End of financial year	–	–

The principal actuarial assumptions used for the purpose of the actuarial valuation of the defined benefit retirement plans in the previous financial year were as follows:

	Group 2017
Discount rate	8.00%
Salary growth rate	10%
Mortality rate	TMI * 2011
Disability rate	10% of TMI *2011
Withdrawal rate	1.2 up to 6%

* Indonesia Mortality Table (TMI)

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30. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1%	Decrease by 13.78%	Increase by 16.48%
Salary growth rate	1%	Increase by 13.79%	Decrease by 13.67%
		Increase by 1 year in assumption	**Decrease by 1 year in assumption**
Life expectancy		Increase by 11.11%	Decrease by 11.28%

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the balance sheet date) has been applied as when calculating the retirement benefit liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis are consistent with the previous reporting period.

31. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	**Treasury shares '000**	**Issued share capital $'000**	**Treasury shares $'000**
Group and Company				
2018				
Beginning and end of financial year	**192,051**	**(14,978)**	**25,247**	**(2,602)**
2017				
Beginning of financial year	157,051	(14,978)	23,147	(2,602)
Issue of new shares	35,000	–	2,100	–
End of financial year	192,051	(14,978)	25,247	(2,602)

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

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

On 17 April 2017, the Company issued 35,000,000 ordinary shares for a total consideration of $2,100,000 for cash for general working capital purposes. The newly issued shares rank pari passu in all respects with the previously issued shares.

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32. OTHER RESERVES

(a) Composition:

	Group			Company		
	31 December		1 January	31 December		1 January
	2018	2017	2017	2018	2017	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Currency translation reserves	**–**	–	(1,578)	**–**	–	–
Fair value reserve	**640**	902	3,134	**640**	902	3,134
Statutory reserve	**–**	–	46	**–**	–	–
	640	902	1,602	**640**	902	3,134

(b) Movements:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
(i) Currency translation reserve				
Beginning of financial year	**–**	(1,578)	**–**	–
Reclassification on disposal of a subsidiary corporation	**–**	1,701	**–**	–
Net currency translation difference of financial statements of foreign subsidiary corporations	**–**	(123)	**–**	–
End of financial year	**–**	–	**–**	–
(ii) Fair value reserve				
Beginning of financial year	**902**	3,134	**902**	3,134
Financial assets, at FVOCI/ available-for-sale				
– Fair value losses (Notes 19 and 20)	**(262)**	(2,232)	**(262)**	(2,232)
End of financial year	**640**	902	**640**	902
(iii) Statutory reserve				
Beginning of financial year	**–**	46	**–**	–
Reclassification on disposal of a subsidiary corporation	**–**	(46)	**–**	–
End of financial year	**–**	–	**–**	–

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33. CONTINGENT LIABILITIES

Contingent liabilities, of which the probability of settlement is not remote at the balance sheet date, are as follows:

Company

Financial support

The Company has undertaken to provide financial support for subsidiary corporations in the Group with a total capital deficiency of $109,472 as at the financial year end, so as to enable the subsidiary corporations to meet their obligations as and when they fall due.

34. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group 2018 $'000
Investment properties	**890**

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

The Group leases building from non-related parties under non-cancellable lease agreements.

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

	Group	
	2018 $'000	**2017 $'000**
Not later than one year	**273**	154
Between one and five years	**450**	–
	723	154

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("**USD**") and Renminbi ("**RMB**").

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

	SGD $'000	USD $'000	RMB $'000	Total $'000
At 31 December 2018				
Financial assets				
Trade and other receivables	2,912	–	–	2,912
Other current assets	105	–	–	105
Financial assets, at fair value through profit or loss	1,028	–	–	1,028
Cash and cash equivalents	3,646	41	136	3,823
Financial assets at fair value through other comprehensive income	11,245	–	–	11,245
	18,936	41	136	19,113
Financial liabilities				
Trade and other payables	(3,761)	–	(6,942)	(10,703)
Borrowings	(179)	–	–	(179)
	(3,940)	–	(6,942)	(10,882)
Net financial assets/(liabilities)	14,996	41	(6,806)	8,231
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	–	41	(6,806)	(6,765)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD $'000	USD $'000	RMB $'000	Total $'000
At 31 December 2017				
Financial assets				
Trade and other receivables	3,038	–	–	3,038
Other current assets	105	–	–	105
Financial assets, at fair value through profit or loss	1,782	–	–	1,782
Cash and cash equivalents	5,770	29	140	5,939
Available-for-sale financial assets	11,507	–	–	11,507
	22,202	29	140	22,371
Financial liabilities				
Trade and other payables	(5,094)	–	(7,187)	(12,281)
Borrowings	(278)	–	–	(278)
	(5,372)	–	(7,187)	(12,559)
Net financial assets/(liabilities)	16,830	29	(7,047)	9,812
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	–	29	(7,047)	(7,018)

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

	SGD $'000	RMB $'000	USD $'000	Total $'000
At 31 December 2018				
Financial assets				
Trade and other receivables	**3,074**	**–**	**–**	**3,074**
Other current assets	**27**	**–**	**–**	**27**
Financial assets, at fair value through profit or loss	**1,028**	**–**	**–**	**1,028**
Cash and cash equivalents	**3,543**	**136**	**26**	**3,705**
Financial assets at fair value through other comprehensive income	**11,245**	**–**	**–**	**11,245**
	18,917	**136**	**26**	**19,079**
Financial liabilities				
Trade and other payables	**(3,695)**	**(6,942)**	**(4)**	**(10,641)**
Borrowings	**(4,310)**	**–**	**–**	**(4,310)**
	(8,005)	**(6,942)**	**(4)**	**(14,951)**
Net financial assets/(liabilities)	**10,912**	**(6,806)**	**22**	**4,128**
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	**–**	**(6,806)**	**22**	**(6,784)**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) *Currency risk (continued)*

	SGD $'000	RMB $'000	USD $'000	Total $'000
At 31 December 2017				
Financial assets				
Trade and other receivables	3,042	–	–	3,042
Other current assets	27	–	–	27
Financial assets, at fair value through profit or loss	1,782	–	–	1,782
Cash and cash equivalents	5,638	140	15	5,793
Available-for-sale financial assets	11,507	–	–	11,507
	21,996	140	15	22,151
Financial liabilities				
Trade and other payables	(3,786)	(7,187)	–	(10,973)
Borrowings	(4,311)	–	–	(4,311)
	(8,097)	(7,187)	–	(15,284)
Net financial assets/(liabilities)	13,899	(7,047)	15	6,867
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(7,047)	15	(7,032)

If the USD and RMB change against SGD by 6% (31 December 2017: 3% and 2%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	← Increase/(decrease) → 31 December 2018 Loss after tax $'000	2017 Loss after tax $'000
Group		
USD against SGD		
– strengthened	**2**	1
– weakened	**(2)**	(1)
RMB against SGD		
– strengthened	**(339)**	(117)
– weakened	**339**	117
Company		
USD against SGD		
– strengthened	**1**	*
– weakened	**(1)**	*
RMB against SGD		
– strengthened	**(339)**	(117)
– weakened	**339**	117

* Amount less than 1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the balance sheets as financial assets, at FVOCI/available-for-sale or at FVPL.

If prices for the financial assets at FVOCI and available-for-sale equity securities listed in Singapore had changed by 60% (31 December 2017: 15%) the effect on other comprehensive income would have been higher/lower by $167,000 (31 December 2017: $75,000). If prices for the fair value through profit or loss equity securities had changed by 84% (31 December 2017: 13%), the effect on profit after tax would have been higher/lower by $720,000 (31 December 2017: $192,000). All variables including tax rate are held constant.

The unquoted investments held by the Group and the Company which are classified on the balance sheets as financial assets, FVOCI are not quoted on any active market. The management is of the opinion that these investments are not exposed to equity price risk as the investment are to be sold to a prospective buyer at an agreed consideration.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group’s income and operating cash flows are substantially independent of changes in market interest rates.

The Group’s exposure to cash flow interest risks arises mainly from current and non-current borrowings. The Company’s exposure to cash flow interest rate risks arises mainly from current and non-current borrowings and loans from subsidiary corporation at variable rates.

The Group’s borrowings are at fixed rates. The Company’s borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 1% (31 December 2017: 1%) with all other variables including tax rates being held constant, the loss after tax for the year would have been higher/lower by $34,000 (31 December 2017: $33,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

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

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Cash and bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables arising from rental income are substantially companies with a good collection track record.

The Group determines the lifetime expected credit loss allowance to trade receivables upon initial recognition. In calculating the expected credit loss rates, the Group considers historical loss rates for the trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 60 days when they fall due. Where receivables are written off, the company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 31 December 2018, trade and other receivables and other current assets are not subject to any material credit losses.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The movement in credit loss allowance is as follows:

	Trade receivables $'000
Group	
Balance at 1 January 2018 under SFRS(I) 9	**1,010**
Liquidation of a subsidiary corporation	**(1,010)**
Balance as at 31 December 2018	**–**
Company	
Balance at 1 January 2018 under SFRS(I) 9	**2,372**
Utilisation in the year	**(2,266)**
Balance as at 31 December 2018	**106**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Previous accounting policy for impairment of trade receivables

In 2017, the impairment of financial assets was assessed based on the incurred loss impairment model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively, to determine whether there was objective evidence that an impairment had been incurred but not yet identified.

The Group considered that there was evidence if any of the following indicators were present:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation; and
- Breach of contract, such as default or past due event.

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS 39 as at 31 December 2017 are as follows:

	Group 2017 $'000	Company 2017 $'000
Past due less than 3 months	11	8
Past due 3 to 6 months	2	11
Past due over 6 months	133	112
	146	131

The carrying amount of trade and other receivables individually determined to be impaired and the movements in the related allowances for impairment are as follows:

	Group 2017 $'000	Company 2017 $'000
Past due	1,156	2,503
Less: Allowance for impairment reclassified from asset held for sale	(1,010)	–
Allowance for impairment	–	(2,372)
	146	131
Beginning of financial year	55	900
Disposal of a subsidiary corporation	(55)	(900)
Allowance reclassified from asset held for sale	1,010	2,372
End of financial year (Note 14)	1,010	2,372

Financial assets that are neither past due nor impaired

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

As at 31 December 2017, the Group's and Company's trade and other receivables that are not past due amount to $2,892,000 and $2,911,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 17.

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

	Less than 1 year $'000	**Between 2 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Group				
At 31 December 2018				
Trade and other payables	**10,703**	**–**	**–**	**10,703**
Borrowings	**46**	**146**	**–**	**192**
At 31 December 2017				
Trade and other payables	12,281	–	–	12,281
Borrowings	106	138	54	298
Company				
At 31 December 2018				
Trade and other payables	**10,641**	**–**	**–**	**10,641**
Borrowings	**4,287**	**146**	**–**	**4,433**
At 31 December 2017				
Trade and other payables	10,973	–	–	10,973
Borrowings	4,266	138	54	4,458

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

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

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged from 2011, are to maintain gearing ratios within 100%.

The gearing ratio is calculated as net debts divided by total capital. Net debts is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debts.

	Group		**Company**	
	31 December		**31 December**	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	**7,059**	6,620	**11,246**	9,491
Total equity	**11,676**	13,230	**11,659**	14,421
Total capital	**18,735**	19,850	**22,905**	23,912
Gearing ratio	**38%**	33%	**49%**	40%

The Group and the Company do not have any externally imposed capital requirements for the financial year ended 31 December 2018 and 31 December 2017.

(e) Fair value measurements

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

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

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

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

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

Group and Company	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2018				
Assets				
Financial assets, at FVPL	**–**	**1,028**	**–**	**1,028**
Financial assets, at FVOCI	**338**	**–**	**10,907**	**11,245**
	338	**1,028**	**10,907**	**12,273**
31 December 2017				
Assets				
Financial assets, at FVPL	–	1,782	–	1,782
Financial assets, available-for-sale	600	–	10,907	11,507
	600	1,782	10,907	13,289

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting period.

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets i.e. financial assets, at FVOCI and available-for-sale equity securities are based on quoted prices at the balance sheet date. The quoted market price used for financial assets held by the Group and the Company is current bid price. These instruments are included in Level 1.

The fair value of the financial instrument that is classified as fair value through profit and loss is measured according to the fair value of the fund provided by the financial institution.

The carrying amount of the unlisted securities of financial assets, at FVOCI and available-for-sale are assumed to approximate their fair value. The management is of the opinion that these financial assets are not exposed to financial risk arising from fair value measurements.

The carrying amount less impairment of current financial assets and current financial liabilities at amortised cost are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of current borrowings approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face on the balance sheet and in Notes 16, 19 and 20 to the financial statements, except for the following:

	Group $'000	Company $'000
31 December 2018		
Financial assets at amortised cost	**6,840**	**6,806**
Financial liabilities at amortised cost	**10,882**	**14,951**
31 December 2017		
Loans and receivables	9,082	8,862
Financial liabilities at amortised cost	12,559	15,284

36. RELATED PARTY TRANSACTIONS

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

(a) Key management personnel compensation

Key management personnel compensation is as follows:

	Group and Company	
	2018 $'000	2017 $'000
Wages and salaries	**812**	633
Employer's contribution to defined contribution plans, including Central Provident Fund	**43**	30
	855	663
Analysed as:		
Directors of the Company	**520**	520
Other key management personnel	**335**	143
	855	663

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION

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

On 15 December 2017, the Company completed the disposal of HLN Rubber Products Pte. Ltd. and its subsidiaries, and accordingly, the Office Automation ("**OA**") and Energy Power ("**EP**") segments ceased and are considered discontinued operations of the Group.

Following the completion of the disposal of HLN Rubber Products Pte. Ltd., the Group's principal businesses are in Hospitality Management ("**HM**") and corporate ("**IH**") segments and are the continued operations of the Group.

(1) The Hospitality Management ("**HM**") segment manages and operates lodging and boarding houses and backpackers hostels.

(2) The Corporate ("**IH**") segment is involved in Group level corporate services, treasury functions and investments. It derives its income substantially from inter-company transactions.

	HM $'000	IH $'000	Group $'000
2018			
Sales to external parties	526	–	526
Adjusted EBITDA	(107)	(1,905)	(2,012)
Depreciation	(2)	(24)	(26)
ORBIT	(109)	(1,929)	(2,038)
Finance costs	–	(8)	(8)
Other items	102	(1,445)	(1,343)
Loss before tax from operations			(3,389)
Income tax expense			–
Loss for the financial year			(3,389)
Segment assets	106	17,837	17,943
Segment assets includes:			
Additions to:			
Plant and equipment	3	–	3
Segment liabilities	57	10,646	10,703

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION (CONTINUED)

	OA $'000	EP $'000	HM $'000	IH $'000	Group $'000
2017					
Sales to external parties	–	–	474	–	474
Adjusted EBITDA	92	11	(205)	(1,691)	(1,793)
Depreciation	–	(1)	(2)	(90)	(93)
ORBIT	92	10	(207)	(1,781)	(1,886)
Finance costs	–	–	–	(23)	(23)
Other items	(1)	(2,416)	85	(1,003)	(3,335)
Loss before tax from operations					(5,244)
Income tax expense					(3)
Loss from continuing operations					(5,247)
Loss from discontinued operations					(3,618)
					(8,865)
Segment assets	1	15	103	18,939	19,058
Segment assets includes:					
Additions to:					
Plant and equipment	–	–	5	11	16
Investment property	–	–	–	2,540	2,540
Segment liabilities	4	1,150	153	10,974	12,281

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, amortisation, interests and income taxes and other items ("**EBITDA**") and (2) operating result before interests and income taxes and other items ("**ORBIT**").

No separate segmental assets and liabilities by segment business are presented as management is of the opinion that it is impracticable to separate assets and liabilities for each business segment. Additionally, the measurement of total assets and liabilities for each reportable segment is not used by the Board of Directors when making operating decisions about allocating resources to the business segment and assessing its performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations

(i) Segment assets

The amounts reported to the Chief Executive Officer with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than cash and cash equivalents and assets of disposal groups classified as held-for-sale.

Segment assets are reconciled to total assets as follows:

	2018 $'000	**2017 $'000**
Segment assets for reportable segments	**17,943**	19,058
Unallocated:		
– Cash and cash equivalents	**3,823**	5,939
– Asset of disposal group classified as held-for-sale (Note 18)	**792**	792
	22,558	25,789

(ii) Segment liabilities

The amounts provided to the Chief Executive Officer with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than borrowings.

Segment liabilities are reconciled to total liabilities as follows:

	2018 $'000	**2017 $'000**
Segment liabilities for reportable segments	**10,703**	12,281
Unallocated:		
– Borrowings	**179**	278
	10,882	12,559

(b) Revenue from services

Revenues from external customers are derived mainly from providing accommodation services as follows:–

	2018 $'000	**2017 $'000**
Sales from continuing operations		
Accommodation services	**526**	474

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information

The Group's business segments operate in Singapore.

The Company is headquartered and has operations in Singapore. The operations in this area are principally hospitality management and investment holding.

	Non-current assets	
	2018	**2017**
	$'000	**$'000**
Singapore	**11,261**	13,902
United States	**2,540**	2,540
	13,801	16,442

38. EVENT OCCURRING AFTER BALANCE SHEET DATE

On 13 December 2018, the Group announced its intention to acquire 49% interest (equivalent to 98,000 shares) in G&S Realty Limited, a company incorporated in Thailand which is engaged in real estate investment, development and management, for a cash consideration of $410,000 (THB 9.8 million) in financial year 2019.

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted.

SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of $723,000 (Note 34).

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sinjia Land Limited on 1 April 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

Issued and fully paid-up capital	:	S$25,617,217.91
Number of issued shares	:	192,050,685
Number of issued shares (excluding Treasury Shares)	:	177,072,685
Number/Percentage of Treasury Shares against total number of issued shares outstanding excluding Treasury Shares	:	14,978,000 / 8.5%
Number of subsidiary holdings	:	NIL
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.10	80	0.00
100 – 1,000	52	5.30	45,300	0.03
1,001 – 10,000	419	42.71	2,953,660	1.67
10,001 – 1,000,000	490	49.95	32,780,100	18.51
1,000,001 AND ABOVE	19	1.94	141,293,545	79.79
TOTAL	**981**	**100.00**	**177,072,685**	**100.00**

Shareholding held by the public

Based on information available to the Company as at 15 March 2019, approximately 66.34% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules is complied with.

Substantial shareholders

NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
China Infrastructures Global Investment Capital Limited[(1)]	–	–	36,000,000	20.33
Co-Prosperity Investment (International) Limited	21,000,000	11.86	–	–
Widerlink Group Limited[(2)]	–	–	21,000,000	11.86

Notes:–

(1) China Infrastructures Global Investment Capital Limited is deemed to be interested in the 36,000,000 Shares held under the name of its nominee, Philip Securities Pte. Ltd.

(2) Co-Prosperity Investment (International) Limited is a wholly-owned subsidiary of Widerlink Group Limited. Accordingly, Widerlink Group Limited is deemed to be interested in the 21,000,000 Shares held by Co-Prosperity Investment (International) Limited by virtue of Section 4 of the Securities and Futures Act.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE. LTD.	39,579,780	22.35
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	34,256,000	19.35
3	RHB SECURITIES SINGAPORE PTE. LTD.	9,550,000	5.39
4	JIMMY LEE PENG SIEW	7,855,000	4.44
5	TAN BEE SIEW	7,500,000	4.24
6	LIM TIONG KHENG STEVEN	7,195,400	4.06
7	ANG ZHI CHENG	6,518,300	3.68
8	RAFFLES NOMINEES (PTE.) LIMITED	6,287,200	3.55
9	ANG KONG MENG	4,589,000	2.59
10	CHEONG WEIXIONG (ZHANG WEIXIONG)	2,599,700	1.47
11	DBS NOMINEES (PRIVATE) LIMITED	2,328,800	1.32
12	TAN SZE SENG	2,271,465	1.28
13	LOI PENG CHOON	2,230,000	1.26
14	TAN JIANYOU	2,212,000	1.25
15	OCBC SECURITIES PRIVATE LIMITED	1,525,000	0.86
16	UOB KAY HIAN PRIVATE LIMITED	1,495,000	0.84
17	TEO YONG PING (ZHANG RONGBIN)	1,150,000	0.65
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,137,900	0.64
19	DBS VICKERS SECURITIES (SINGAPORE) PTE. LTD.	1,013,000	0.57
20	LEE YOCK	1,000,000	0.56
	TOTAL	**142,293,545**	**80.35**

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting of the shareholders of the Company be held at RNN Conference Centre, 137 Cecil Street, HengDa Building, Level 4, Shibuya Room, Singapore 069537 on Wednesday, 24 April 2019 at 2.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

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

2. To re-elect Mr Cheung Chi Kin, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. — Resolution 2

   [See explanatory note (i)]

3. To re-elect Mr Lee Jim Teck, Edward, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. — Resolution 3

   [See explanatory note (ii)]

4. To approve the payment of Directors' fees of S$169,500 for the financial year ended 31 December 2018 (2017: S$169,500). — Resolution 4

5. To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. — Resolution 5

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

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolution, with or without amendments:

7. **Authority to allot and issue shares** — Resolution 6

   (a) "That pursuant to Section 161 of the Companies Act, Cap. 50. ("Companies Act") and Rule 806 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"), authority be and is hereby given to the Directors of the Company to:

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

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

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

NOTICE OF AGM

(b) provided that:

(i) the aggregate number of Shares to be issued pursuant to Resolution 6 (including Shares to be issued in pursuance of the Instruments made or granted pursuant to Resolution 6) does not exceed 100 per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to Resolution 6) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below); and

(ii) (subject to such manner of calculations as may be prescribed or directed by the SGX-ST), for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of Resolution 6 after adjusting for:–

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

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution 6, provided that such share awards or share options were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution 6, the Company shall comply with the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Company's Constitution; and

(iv) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution 6 shall continue in force until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (iii)]

By Order Of the Board

LEE FUT HUA
Company Secretary

Date: 9 April 2019

NOTICE OF AGM

Explanatory Notes:

(i) Mr Cheung Chi Kin ("**Mr Cheung**"), if re-elected, will remain as a member of the Remuneration Committee, the Audit Committee and the Nominating Committee. The key information of Mr Cheung can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Principle 4" and "Directors' Statement" of the Company's Annual Report 2018. Mr Cheung does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

(ii) Mr Lee Jim Teck, Edward ("**Mr Lee**"), if re-elected, will remain as a member of the Remuneration Committee, the Audit Committee and the Nominating Committee. The Board considers Mr Lee to be independent for the purpose of Rule 704(7) of the Catalist Rules. The key information of Mr Lee can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Principle 4" and "Directors' Statement" of the Company's Annual Report 2018. Mr Lee does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

(iii) Resolution 6, if passed, will empower the Directors, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, to allot and issue Shares and to make grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an aggregate number not exceeding 100% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), with a sub-limit of 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time Resolution 6 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities, and (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time Resolution 6 is passed, and (c) any subsequent bonus issue, consolidation or sub-division of Shares.

Notes:

(a) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a general meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member of the Company (other than a Relevant Intermediary*) appoints more than one (1) proxy, he/she shall specify the proportion of his/her Shares to be represented by each proxy, failing which, the nomination shall be deemed to be alternative.

(b) Pursuant to Section 181 of the Companies Act, any member who is a Relevant Intermediary is entitled to appoint one (1) or more proxies to attend, speak and vote at a general meeting (but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him/her (which number and class of Shares shall be specified)).

(c) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 16 Kallang Place, #01-16 Singapore 339156 not less than 48 hours before the meeting.

(d) A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of an officer or attorney duly authorised.

NOTICE OF AGM

* A Relevant Intermediary is either:

(i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; or

(ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36) ("**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 CPF, if the Board of Directors holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

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

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

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

The contact person for the Sponsor is Mr Liau H.K.
Telephone number: 6221 0271

SINJIA LAND LIMITED

Registration No. 200402180C
(Incorporated in Singapore)

IMPORTANT:
1. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "relevant intermediary").
2. For shareholders who have used their CPF monies to buy the shares of Sinjia Land Limited, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PROXY FORM

I/We* ____________________ (Name), NRIC/Passport number* ____________________

of ____ (Address)
being a member/members* of **Sinjia Land Limited** (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or*

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at RNN Conference Centre, 137 Cecil Street, HengDa Building, Level 4, Shibuya Room, Singapore 069537 on Wednesday, 24 April 2019 at 2:00 p.m. and at any adjournment thereof.

(Please indicate in the spaces provided whether you wish the number of vote(s) you wish to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	Number of Votes For	Number of Votes Against
	ORDINARY BUSINESS		
1	Adoption of the Directors' Statements and Audited Financial Statements of the Company for the Financial Year Ended 31 December 2018 and the Auditors' Report thereon.		
2	Re-election of Mr Cheung Chi Kin as a Director.		
3	Re-election of Mr Lee Jim Teck, Edward as a Director.		
4	Approval of Directors' fees for the financial year ended 31 December 2018.		
5	Re-appointment of Nexia TS Public Accounting Corporation as Auditors and to authorize the Directors to fix their remuneration.		
6	Authority to allot and issue new shares.		

Note: Please note that the short descriptions given above to the Resolutions to be passed do not in any way whatsoever reflect the intent and purposes of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this ______ day of ______________ 2019

Total number of Shares held

____
Signature(s) of member(s) or common seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

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, Cap. 289), 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. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the general meeting. Where a member of the Company (other than a Relevant Intermediary) appoints more than one (1) proxy, he/she shall specify the proportion of his/her Shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative. A proxy need not be a member.

3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a Relevant Intermediary is entitled to appoint one or more proxies to attend, speak and vote at a general meeting (but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him/her (which number and class of Shares shall be specified)). A Relevant Intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or

   (iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Cap. 36), ("**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 CPF, if the Board of Directors holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 16 Kallang Place, #01-16 Singapore 339156 not less than 48 hours before the time set for the Annual General Meeting.

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

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2019.

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CORPORATE ADDRESSES

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HOSPITALITY MANAGEMENT UNIT

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PROPERTY BUSINESS UNIT

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SINJIA LAND
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