Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	S I2I LIMITED
Securities	S I2I LIMITED - SG1BD0000008 - BAI
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	13-Apr-2017 07:09:28
Status	New
Report Type	Annual Report
Announcement Reference	SG170413OTHRV82P
Submitted By (Co./ Ind. Name)	Maneesh Tripathi
Designation	Executive Director and Group CEO
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Annual Report 2016. Please see the attached.

Additional Details

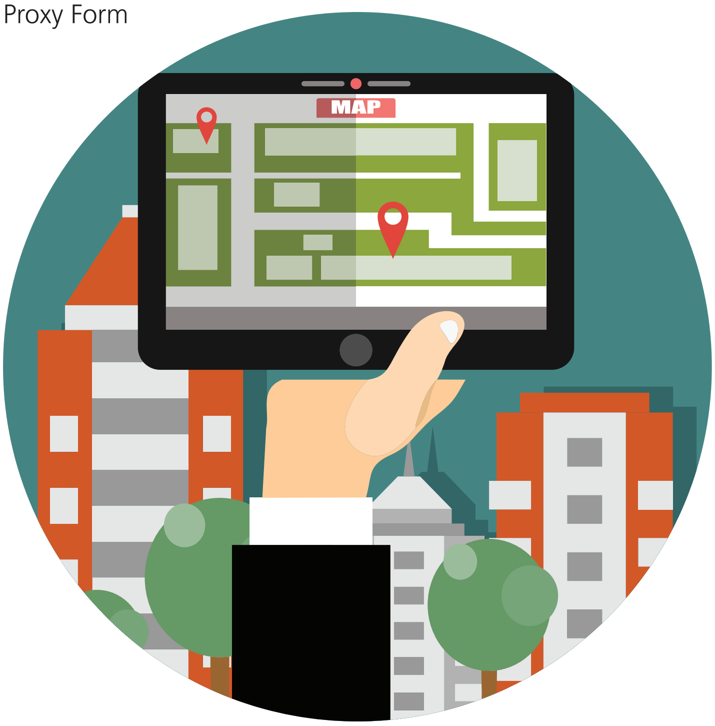
Period Ended	31/12/2016
Attachments	Si2i_Annual_Report_2016.pdf Total size =1837K

i2i

ANNUAL REPORT 2016

FROM INFORMATION TO INNOVATION

CONTENTS



CORPORATE PROFILE

S i2i Limited was incorporated in Singapore under the name of Mediacom Technologies Pte Ltd on 15 July 1993. Subsequently, it was converted to a public limited company on 25 October 1999.

In Indonesia, the Company distributes mobile prepaid cards as authorized distributor of the well-established telecom operators mainly PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, and PT Indosat ("Airtime Business"). The distribution Channel is based on a network of more than 30,000 resellers, 150 dealers and sub-dealers, along with a network of large number of branch offices and sub-branch offices in Indonesia.

The Company is involved in the procurement and sale of both mobile devices and related services. By running a selection of niche retail stores in Indonesia, the Company sells mobile handsets and accessories under the "Selular Shop" brand. The company retails MNC brand devices/Mobile devices from its retail outlets but has moved away from it's own brand of mobile devices procurement and distribution business.

In Singapore and India, based on partnerships with global players like IBM and HP, the Company provides both hardware infrastructure and business service integration for governments and corporate clients in Southeast Asia. Not only does the Company offer integrated one-stop ICT solutions ranging from consultancy to maintenance and disaster recovery services, it also undertake projects on Networking, Data Hosting, and Managed Service solutions. The Company is now focusing on services driven business and key innovative offerings aligned to IBM and HP strategy to improve margins via futuristic services based Offerings like Cloud, IOT, Server consolidation, Virtualization and other services relevant to a developed economy.

The Company continues its move from 'Information' to 'Innovation' strategy. This is a strategic move to focus on innovative technologies, as the information technologies may not have the desired growth potential. Hence, the Company is embarking upon an innovation led business of battery electric vehicles (BEV) in Singapore.

Since 1999 S i2i Limited is listed on the Main board of the Singapore Exchange Securities Trading Limited and operates under the ticker symbol SGX: BAI.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

I as Chairman of S i2i Limited ("S i2i" or the "Group") along with my fellow Board Members hereby present to you the Group's annual report for the financial year ended December 31, 2016. ("FY2016").

We express our sincere gratitude to all stakeholders for your continuing support for S i2i over the years.

Singapore being the first Smart Nation of the world is leading this arena and S i2i is aligning itself with the philosophy of Singapore. It has businesses in countries like India, Malaysia and Indonesia. These countries are progressing towards creating smart cities of their own, and aligning itself with new partners who have the ability to create such projects.

S i2i Limited is planning to actively work in such countries which will create value. In such initiatives and on other business propositions the company is also aligning itself with companies like Softbank and Uber.

The company has announced an agreement with Softbank recently in Indonesia and an Electric Vehicle partnership with Uber in Singapore in Q3 of 2016.

Based on the results obtained the company will look at future expansion plans with these partners in other countries and will also actively keep looking for mutually beneficial tie ups with similar large partners and corporates.

In closing, we would like to reiterate our sincere appreciation to our loyal shareholders for their faith in S i2i. With your unstinting support, we will continue to move ahead to achieve success in the years ahead. Thank you!

DR. BHUPENDRA KUMAR MODI
Non-Executive Chairman
S i2i LIMITED

4 April 2017

EXECUTIVE DIRECTOR & GROUP CEO'S MESSAGE

DEAR SHAREHOLDERS,

On behalf of the management we express our sincere gratitude to all stakeholders and Board for your continuing support for S i2i Ltd.

The plan of stabilization of business and consolidation of operations is aligned with our strategy to rationalise operations and continue to be profitable so as to meet the key condition to get out of the watch list.

Our turnaround efforts which commenced in FY 2015 continue to yield positive results, evidenced by a set of financial results, turning around from a loss of S$56.0 million in FY 2014 to a profit after tax of approximately S$1.1 million in FY2015 and to continue to sustain profitability at S$0.5 million in FY 2016. This is despite some prudent provisions taken on account of certain receivables which are sub-judice. The efforts in FY 2016 by the Board and management is a firm step forward in line with our priority of achieving profitability and exiting the SGX financial entry watch-list.

Notwithstanding a challenging backdrop, the Group recorded turnover of S$325.5 million in FY2016, as compared to S$411.9 million in FY2015. The drop in revenue has been due to (as announced in October 2015) overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulting in reduction in number of clusters. The decrease in revenue from our mobile devices distribution and retail business is in line with our strategy of moving away from unprofitable mobile device businesses and loss-making retail shops.

Operating expenses decreased to S$25.4 million in FY2016 from S$31.5 million in the preceding year, on the back of lower personnel costs, infrastructure costs and other operating expenses.

The company will also work with the operators in Indonesia to plan to increase the number of clusters under our control as well as focus our efforts on winning bids and cluster renewals. Loss-making and non-strategic business units will continue to be divested to save cost and reduce loss.

The ICT Distribution and Managed Services industry has demonstrated signs of saturation and competition remains intense, we intend to focus on innovative service-led solutions which enjoy higher margins than hardware oriented sales and focus on large account deals, working closely with our partners. Further, we will continue to exercise financial discipline and look for ways to rationalise costs and improve margins.

We would like to thank our stakeholders, business associates and customers for their unwavering support. We must also extend its gratitude to S i2i's management and staff, for their counsel, diligence and unwavering commitment shown to the Group.

Thank you!

MANEESH TRIPATHI
Executive Director and Group CEO
S i2i LIMITED

4 April 2017

OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

OPERATIONAL REVIEW

S i2i Limited ("S i2i", and together with its subsidiaries, collectively, the "Group"), is a South Asia regional company with focus on products and services in segments such as distribution of mobile operator & IT related products and services and related professional & managed services.

The Group mainly operates in the following key segments:

1. Distribution for operator products and services

The Company distributes mobile prepaid cards as authorized distributor of the well-established telecom operators in Indonesia mainly PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, and PT Indosat ("Airtime Business"). The distribution is based on a network of more than 30,000 resellers, 150 dealers and sub-dealers, along with a network of large number of branch offices and sub-branch offices in Indonesia.

2. ICT Distribution and Managed Services

The Company is in the business of ICT distribution and managed services which is a highly competitive business. The ICT Industry has moved to innovative and disruptive offerings and technology and the Company is in the midst of making the paradigm adjustment and a shift towards futuristic services based Offerings like Cloud, IOT, Server consolidation, Virtualization and other services relevant to a developed economy. The hardware business margin keeps diminishing every year due to stiff competition. The hardware and related sales is not growing as expected and mostly hardware is being replaced by alternatives like Cloud and Servers consolidation type of offerings. The Company is now focusing on services driven business and key innovative offerings aligned to IBM and HP strategy to improve margins. This turn around will be a big challenge in this competitive land scape and has the key attention of the management.

3. Mobile Devices distribution and retail business

The Company is involved in the procurement and sale of both mobile devices and related services. By running a selection of niche retail stores in Indonesia, the Company sells mobile handsets and accessories under the "Selular Shop" brand.

The Company retails MNC brand devices/Mobile devices from retail outlets but has moved away from it's own brand of mobile devices procurement and distribution business

The Company continues its move from 'Information' to 'Innovation' strategy. This is a strategic move to focus on innovative technologies, as the information technologies may not have the desired growth potential. Hence, the Company is embarking upon an innovation led business of battery electric vehicles (BEV) in Singapore. Continuous progress is being made on this front. The Company has done a soft Pilot launch of 7 BYD BEVs (as B2B taxi model) in the Singapore market place as a Pilot with alliance from App hailing services and will do a test run for 90 days to tabulate results to embark on the next move on strategy.

FINANCIAL REVIEW

The Group recorded turnover of S$325.5 million for the year ended 31 December 2016 (FY 2016) – a decrease of 21.0% over revenue of corresponding previous year ended 31 December 2015 (FY 2015). As announced on 2 October 2015, overall clusters consolidation and reallocation exercise for the distribution of operator products carried out by one of the operators in Indonesia resulted in reduction in number of clusters to one of the subsidiaries of the Company in

Indonesia. Consequently, as anticipated, this resulted in significant reduction of 22% in revenue from Distribution of Operator products and services during FY 2016. Revenue from ICT distribution and managed services declined by 8.5% during FY 2016 over corresponding FY 2015. To retain and grow margins, one of the subsidiaries engaged in this business has been focusing more on services led business. The Company continues to focus on profitable revenue stream of multi-brand, MNC mobile retail business through our own retail shops in Indonesia. During later part of FY 2016, the Company through one of the subsidiaries in Singapore has ventured into business of battery electric vehicles and passenger land transport.

Corresponding decrease in purchase and changes in inventories and direct services fee incurred consequent to decrease in turnover and significant reduction in operating expenses resulted in improvement in operating results during FY 2016 against FY 2015.

During FY 2016 and FY 2015, certain accruals including in respect of certain non-recurring costs recognised in previous periods as part of alignment of certain business segments in light of industry shifts were written back. In addition, certain unclaimed loan and advance received against supply of materials in past by one of the subsidiaries engaged in ICT Distribution and managed services, were written back during FY 2016. During FY 2015, the Company had disposed off certain businesses engaged in Voice business and Mobility business and consequently recognised gain of S$3.5 million.

During FY2016, the Group recognised an impairment loss of S$1.8 million (FY2015: Nil) after taking into consideration the probability of default or significant delay in repayment of a loan receivable.

The Group earned net profit after tax of S$0.47 million during FY 2016 against S$ 1.1 million during corresponding previous year FY 2015.

The Company continued its focus on operating efficiencies and management of working capital in terms of stocks, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements.

During FY 2016, the Company carried out distribution of cash of S$0.729 per share totaling to approximately S$10 million to its shareholders. It also sold certain properties in Indonesia as no longer required. A gain of S$2.0 million (net) was recognised on account of revaluation of buildings under property, plant and equipment. The Company also incurred capital expenditure of S$1.5 million in respect of its advent in battery electric vehicles. The net assets as of 31 December 2016 were S$51.5 million against S$57.8 million as of 31 December 2015.

Cash in hand (Net of borrowings) as at 31st December 2016 had been S$29.4 million against S$40.0 million as at 31 December 2015.

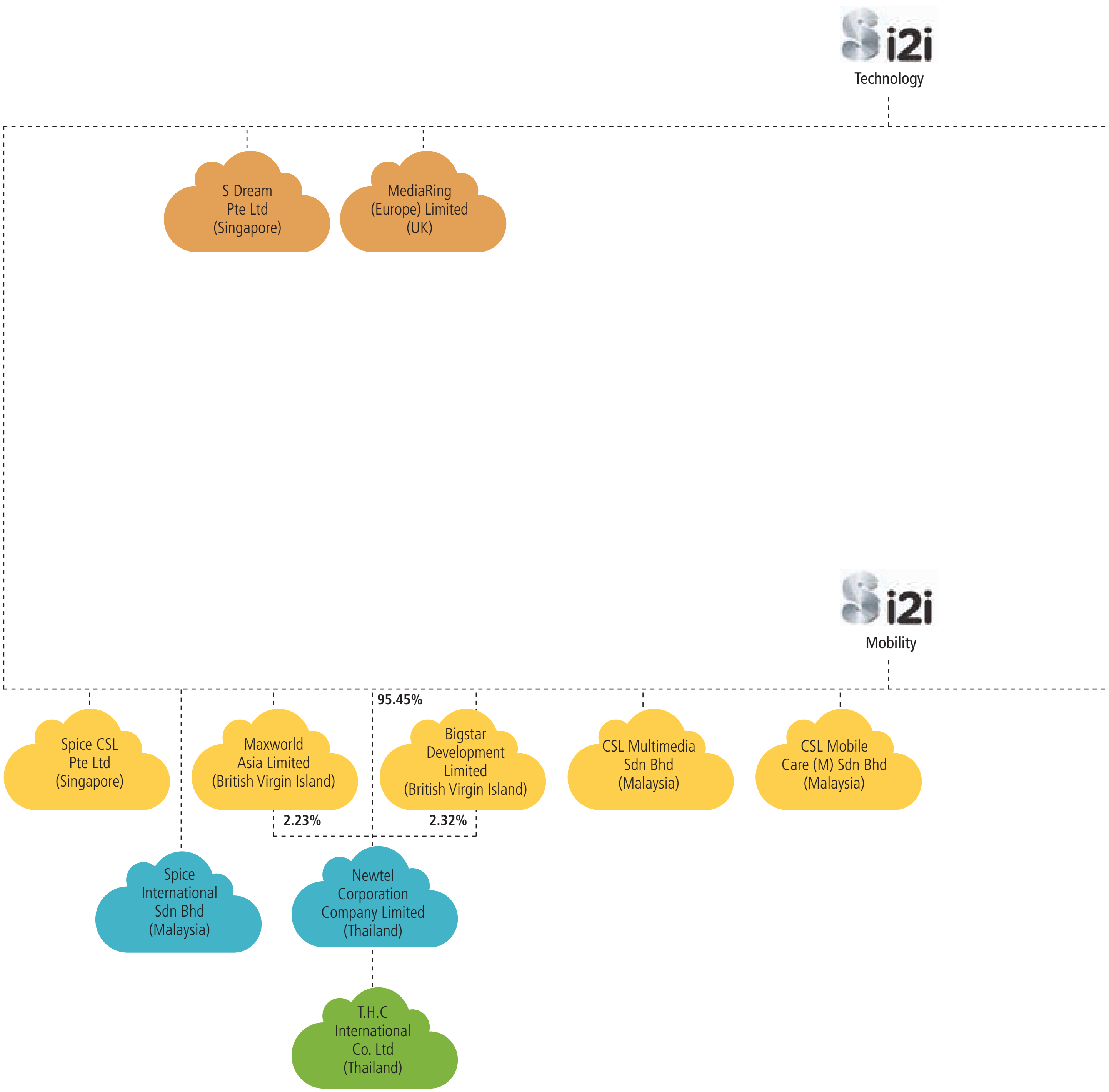
OUTLOOK

Going forward the Company plans to focus on the following initiatives:

- Consolidate the Airtime Business in Indonesia and plan to win back or grow more clusters in Indonesia
- Cut losses and exit non-strategic and loss making business units
- Plan for new areas of growth to reenergize the company
- Work to move out of watch list as per guidelines

Backed by a strong and committed Board of Directors and Management team, the Group strongly believes that in the long term, its strategy and direction of focussing on cost, profitable revenue, and plan for new areas of growth will yield greater value for its stakeholders.

CORPORATE STRUCTURE




MediaRing.com Inc (USA)
Alpha One Limited (Hong Kong SAR)
Cavu Corp Pte Ltd (Singapore)
Bharat IT Services Ltd (India)
MediaRing.com (Shanghai) Limited (China)
Peremex Sdn Bhd (Malaysia)
Delteq Pte Ltd (Singapore)
Centia Pte Ltd (Singapore)
Peremex Pte Ltd (Singapore)
Delteq (M) Sdn Bhd (Malaysia)
Delteq Systems (M) Sdn Bhd (Malaysia)
Delteq Systems Pte Ltd (Singapore)
Centia Technologies Sdn Bhd (Malaysia)
Peremex Computer Systems Pvt Ltd (India)
51%
Mobile Service International Co. Ltd. (China)
51%
CSL Communication (Shenzhen) Co. Ltd (China)
Affinity Capital Pte Ltd (Singapore)
50.58%
PT Selular Global Net (Indonesia) (SGN)
49.41%
PT Selular Media Infotama (Indonesia)
PT Technomas Internusa (Indonesia) 100% controlled by PT SGN
PT Metrotech Jaya Komunika Indonesia (Indonesia)
49%
PT Metrotech Makmur Sejahtera (Indonesia)

BOARD OF DIRECTORS

DR BHUPENDRA KUMAR MODI
Non-Executive Chairman

"**Technology Futurepreneur**"

Dr. Modi, 68, is a visionary entrepreneur who has always shunned conformity in order to embrace the future.

From his early days, he defied family business norms to revolutionalize the office automation and communications domain in India. As a "Futurepreneur" with nearly four decades of business leadership behind him, he is accredited with 'Many Firsts' in technological innovation to his name. These include the first photocopier, first facsimile, first PC with 3.5" floppy drive, first indigenous Indian mobile handset company, first dual sim mobile phone, first 3D phone and the first mobile call in India was also placed on the Spice network founded by him.

In his words "I want to ensure that people everywhere enjoy the highest levels of personal productivity. And today the mobility of the Internet will drive this more than any other phenomenon"

Dr Modi has consistently spearheaded the Smart Global successful alliances and JV partnersips with multinational corporations and category leaders like Xerox, Alcatel, Telstra, Olivetti, International Paper, Singapore Technologies Telemedia, Telekom Malaysia and MediaTek.

Under his leadership, Smart Global, has expanded its presence from India to New York, London, the ASEAN region, parts of Africa and China.

A keen philanthropist, he is the Founder President of Global Citizen Forum (GCF), a non-profit body registered in Singapore whose objective is to create 'One World', a world that overcomes barriers of nationality, religion and boundaries that often divide the human family. GCF has a distinguished membership comprising leaders from all walks of life and has held conferences across Asia, Europe, North and South America to promote the cause of 'Global Citizen' and build a values based, sustainable world community. One of the recent conference of the GCF was held at the United Nations Headquarters in New York in association with the United Nations Alliance of Civilizations, a UN body.

Dr Modi has also led inter-faith activity for decades. He is also the author of several books on the subject that portray his deep understanding of the world. In 2000, he coordinated the Millennium World Peace Summit at the United Nations.

Dr Modi is equally supportive in promoting education, for over 25 years through the DMA schools, the Group has provided high quality education to over 6000 students annually. At the same time, he was at the front end of rural education efforts in India, as a Founder-Member of 'Ekal Vidyalaya' a unique one teacher school established to impart education to the remotest communities in India and other countries across the globe.

In 2004, he was given a commendation by the US Congress for his outstanding contribution to humanistic causes. More recently, he was also felicitated at an 'Ambassador for Peace', by the Universal Peace Federation. He is also a founder member of the Asia Business Council and chairman of the Asia Crime Prevention Foundation's, India chapter.

Dr Modi is a chemical engineer and holds a master's degree in business administration from the University of South California. He has also been conferred doctorates in financial management and industrial management.

MR. DORARAJ S
Lead Independent Director

Mr. Doraraj S, is a Singaporean aged 67 years. He is a practicing Lawyer who was called as an Advocate and Solicitor of the Supreme Court of Singapore in 2001. He hold a MBA in Entrepreneurship from Giberran University, Australian Institute of Education.

Mr Doraraj has worked as Director of Sales/marketing in a Company Co-founded by his present partners and himself from 1982 till 2012. He retired in 2012 to pursue his other passion in the legal sector. During his 30 years he held various roles like, International Business Franchising, Developing and Marketing of products of Major overseas Manufacturers', including Startup of New Businesses in Malaysia, Corporate Administration and Human Resource Development. He was responsible for introducing and implementing the ISO 2000 Quality control system in Yen Lee Fireweld Pte Ltd, which is still running successfully.

Besides running his business, he has always been in community and social work. Since 1967 to till now he has always been involved in organizing sports, religious activities, and Educational seminars at National levels through the various Non-Government organizations. These activities are normally targeted at the Middle and Lower income people with the aim of elevating their quality of life.

Currently he is a Non-Executive Director of the following companies which he co-founded with his current partners;

1. Yen Lee Fireweld Pte Ltd
2. Yen Lee Investment Pte Ltd
3. Nirul Sdn Bhd

MR. TUSHAR S/O PRITAMLAL DOSHI
Independent Director

Mr Tushar P Doshi, 50, was born in Singapore, and completed his PSLE and GCE O Levels in Singapore and did his GCE A Levels in London. Thereafter Mr Doshi returned back to Singapore to do his National Service before going to the USA for his Bachelors of Arts in Economics and his post graduate studies in International Business.

Mr Doshi's formal work experience began about 22 years ago in 1994 working with various organizations as Consultant and Sales and Marketing officer.

In 1996 he embarked on his entrepreneurial venture under the name of Tushiv International Pte Ltd. Under this company Mr Doshi began his trading business in agricultural commodities and computer peripherals and chemicals, and introduced a new concept in advertising called virtual advertising.

In 2003, Mr Doshi focused on developing a very unique and patented art formed called 3 Dimensional Holographic Sculptures which was handmade in Bali, Indonesia. He created a global market from these products with a distribution network spanning from New Zealand to the USA and across Europe and the Middle East and Africa as well as India. In 2016, Mr Doshi sold this part of the business to his local Indonesian director and closed the retail showroom in Singapore.

Mr Doshi was also a founding Shareholder and Director of SearchWorks Pte Ltd in Singapore and Mumbai. After a year, Mr Doshi sold his shares to his partner and exited the company.

Currently Mr Doshi is also an Advisory Board Member of Tiara Furniture Systems, which has a 40 year old history in furniture hardware and modular kitchen and storage manufacturing based in India.

Mr Tushar P Doshi has been very active with various non profit and social organisations and served in the following positions:

2012 to 2014 – Singapore Indian Chamber of Commerce and Industry – Co Chair of the Membership and Member of The Board of Directors.

1995 to 2018 – Singapore Gujarati Society – served in various capacities in the Management Committee and is currently serving his 3rd term as the President.

2014 to 2017 – Inter Racial and Religious Confidence Circle with the Mountbatten Community Center – Committee Member.

Since around 2007 a lifetime Patron of Jain International Trade Organization in India

2015 to 2016 – Rules and Membership Sub Committee, Singapore Cricket Club – Committee Member.

Mr Doshi has also made several investments through various cross border Silicon Valley and Indian technology companies as well as investments in a Singapore start up fund.

In addition to English, Mr Doshi also speaks fluent Gujarati and Hindi as well as Bahasa Indonesia and Malay. He is also a recipient of the very prestigious Jewel of Gujarat Award presented in India in 2014 which was incorporated as a major part of a coffee table book with a personalised message from Indian Prime Minister Shri Narendra Modi as well as United States President Barack Obama and several other distinguished people.

MR. JAI SWARUP PATHAK

Non-Independent, Non-Executive Director

Jai S. Pathak, 58, is the Partner-in-Charge of Gibson, Dunn & Crutchers LLP's Singapore office and the Asia Pacific region. He is a member of the firm's Corporate Department and its Mergers and Acquisitions Practice Group and has served as a member of the firm's Executive Committee.

Mr. Pathak has extensive experience in cross-border mergers and acquisitions, takeovers, dispositions, privatizations, joint ventures, licensing, infrastructure development, as well as private equity and structured finance transactions. He has significant experience in the telecommunications, IT, banking, hospitality, oil/gas, pharmaceutical and chemical industries. His clients have included governments, financial institutions, investment banks, multinational companies and U.S., European, and Asian companies. His practice has included projects in the United States, Europe, India, Southeast Asia, Latin America, Canada, Australia, China and South Africa.

Mr. Pathak previously practiced with Jones Day since 1985, where he was a partner heading the transactional practice in Los Angeles and coordinating the M&A section for the California region. He previously served as head of that firm's India practice and partner in charge of the Singapore office. He also spent more than a decade practicing in that firm's London, New York and Cleveland offices.

Mr. Pathak has been accredited with many accolades like the *Chambers & Partners Global* 2017 and *Chambers & Partners Aisa Pacific* 2017 rank Mr. Pathak as a leading lawyer for Corporate/ M&A in Singapore and India (top tier). *Chambers & Partners Global* 2017 also ranks Mr. Pathak as Foreign Expert for India in the category Singapore: Corporate/M&A. *Best Lawyers* 2018 recommends Mr. Pathak as a leading Singapore lawyer for both Finance and M&A. etc.

Mr. Pathak graduated from law school (B.A. (Hons. in Jurisprudence)) from Oxford University in 1984 (M.A., 1989) and received his LL.M from the University of Virginia in 1985. He previously earned his B.A. (Hons.) and M.A. degrees from the University of Delhi (St. Stephen's College) and Jawarharlal Nehru University, New Delhi, India.

MR. MANEESH TRIPATHI

Executive Director and Group Chief Executive Officer

Mr. Maneesh Tripathi, 54, was appointed as an Executive Director on 23 March 2017. He was first appointed as Chief Executive Officer of Si2i Ltd (formerly known as Media Ring Ltd) in March 2010. Later, after the acquisition of the Affinity and the Selular Group in Indonesia he was appointed as Managing Director/Chief Executive Officer of Affinity Group and Selular Group Indonesia in May 2011.

Mr. Tripathi has played a key role in the integration, transition and growth plans of Affinity Group- (part of SGX Listed Singapore Si2i Ltd), having business in Mobile Devices, VAS and Telecom operator calling card and VOIP business in Indonesia.

In January 2013 Mr. Tripathi was once again appointed by the Board as the Group CEO of Si2i Ltd to oversee the business of all subsidiaries, as the local management was put in place in Affinity Group in Indonesia and the integration plan was implemented.

Mr. Tripathi has more than 25 years of experience in various leadership positions in Multinational Companies. In 2010 Mr. Tripathi joined Spice i2i as Group CEO. He is also a board member of many subsidiaries of Si2i Ltd.

Prior to this Mr. Tripathi handled senior management assignments with IBM, Philips, Olivetti, Sun and TCPL conducting business and working out of various countries like Japan, China, Singapore, Malaysia, Thailand, India, Saudi Arabia and Middle East.He managed various Business Head positions in IBM Global Services during his stint (10 years) where he lastly held the position of COO to run IBM ISS in Asia Pac. He is also an honorary board member Global Indian International School Singapore.

Mr. Tripathi is an Engineer by qualification with a Degree in Electronics and Telecom from Jabalpur Engineering College (India) and has a PGCGM/Management from Indian Institute of Management, Calcutta, India.

SENIOR MANAGEMENT

RAKESH KHERA
Deputy Chief Financial Officer, S i2i Limited

Rakesh Khera brings with him total experience of 25+ years including 6.5 years with S i2i Limited, Singapore.

He is a fellow member of The Institute of Chartered Accountants of India apart from being a commerce graduate.

Before joining S i2i Limited in year 2010, he had been working as Vice President – Finance & Accounts of a widely held public listed company in India.

His pan industry experience includes heading finance and accounts functions of trading, service, manufacturing, engineering, procurement & commissioning and assembly oriented organizations. His various roles included heading corporate and works accounts & finance, doing strategic planning, dealing with consortium of financial institutions and banks, foreign collaborators, direct and indirect taxation.

He has also been member of Finance & Banking Committee of Indian trade associations namely PHD Chamber of Commerce & Industry and Faridabad Industries Association. He also played role of Facilitator for Total quality Management (TQM), when his company embarked upon the journey of TQM followed by ISO 9001 certification.

ARUN SETH
CEO, Bharat IT Services Ltd

As the CEO of Bharat IT Services Ltd, Arun brings with him a rich experience spanning more than 25 years in the Electronics and Information Technology Industry in India, having held senior and responsible positions throughout his career.

Arun commenced his career with the IT industry and served DCM Data Products and Spice Limited in various senior capacities.

He joined Modi Olivetti Ltd in 1990 as General Manager. During the initial years of his tenure with the Company, Arun proved to be a consistent performer and his geographic domain remained the highest revenue generating region in the country for many years.

In 1996, Arun was given the complete responsibility of the organization and was capped as Chief Executive Officer of Modi Olivetti. Arun remained in vanguard and transformed the organization with a select team to support him.

Even though Olivetti exited the PC business worldwide, Arun was able to build a substantial business under the Spice Banner in the I.T Systems, Services and Peripherals area.

A key component of this success was the strong bond established with Olivetti to promote, sell and service their products in India. Till today, the Olivetti business remains the flagship business for Bharat IT and contributes majority to the top and bottom line of the company.

Parallely, the service business in the I.T sector was developed to cater to the service support needs of the domestic BFSI segment. This business has also shown regular and encouraging growth till date.

In 2002 when the Modi GBC JV got concluded, Arun was entrusted with the additional responsibility of managing the Office Automation business in India. He was able to successfully integrate the GBC business as a separate LOB in Bharat IT.

Introducing technology products to address evolving needs of banks has been an important consideration for Arun.

Bharat I.T's most recent foray in the Cheque Truncation area by associating with CTS Electronics of Italy as their Indian Distributor, will go a long way in making us a prominent player in this category in India.

Building and managing teams of successful professionals is Arun's forte. Creating and nurturing customers with long term relationships is a key strength.

MUKESH KHETAN
President Director, Selular Group

Mukesh Khetan brings with him a total experience of more than 10 years of handling compliance and legal functions including managing compliance, legal and corporate affairs function for the S i2i Group from the past 4+ years.

He is based out of Indonesia and in his current role, he has been assigned an additional responsibility of being the President Director of Selular Group in Indonesia. He is now managing the Indonesia business of the Company with the local team.

Throughout his career he has been associated with publicly listed companies in India like Vaibhav Global Limited, Provogue India Limited as their Company Secretary and Compliance Officer before joining the Spice Group. He has handled matters like IPOs, Private Equity Placements, GDRs, Complex SPAs, Litigation etc.

He is an associate member of the Institute of Company Secretaries of India and a Masters of Business Administration in Finance from the Institute of Chartered Financial Analysts of India ("ICFAI") besides being a Commerce Graduate.

RUSLI SUFIANTO

Chief Operating Officer, Selular Group

Rusli Sufianto is working as the Chief Operating Officer of the Selular Group in Indonesia. He has been instrumental and has proven track record in developing business strategies, Sales Plans and Performance Targets of the Airtime business unit. Currently, he is also responsible for the Retail business of the Selular Group.

He has over 10 years of professional experience in the field of telecommunications. Prior to joining Selular Group in 2011 as General Manager Sumatera and Kalimantan Area, he had outstanding record in working with some reputed and established companies in Indonesia like PT. Grant Surya Multi Sarana and PT. Landseair Transport.

He has good understanding of Indonesia's Telco industry. He maintains good relationships with Telco operators, dealers and partners. He also has strong business leadership skills, people management skills which make him an asset to the organization

Rusli Sufianto is a literary language graduate from University Methodist-Indonesia.

LIM AI WAH

Assistant Vice President, Cavu Corp Pte Ltd – IT Business

Ai Wah has more than 20 years of extensive experiences primarily focus on sales and marketing, channel and distribution, client relationship management and general management across industries. She has cross region implementation expertise and is instrumental in building and developing the growth of Cavu IT business and clientele over the last 10 years. Ai Wah currently leads our Sales organization and is responsible to deliver value-added customer experience and partnership for customers across industries namely banking and financial services, manufacturing, logistic and supply chain.

Ai Wah holds a BA (Hons) International Business Administration, University of Northumbria at Newcastle, UK.

KELLY LIM

Deputy General Manager, Delteq Pte Ltd

Kelly has more than 20 years of experience in System Integration industry, dealing with public, finance, manufacturing, pharmaceutical, etc sector.

Her network with industry leaders such as Hewlett Packard Enterprise, HP Inc, Veritas, ArcServe and so on, has been an asset to the company in driving more opportunity in collaboration. She has an outstanding track record in her performance as the senior sales manager in her previous role, being the top sales person in Delteq for the last 5 years. She has done more S$20m in a single year which over achieve by 400 times her target.

Kelly graduated from National University of Singapore and has a degree in Information Systems and Computer Science.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Bhupendra Kumar Modi,
Non-Independent, Non-Executive Director and Chairman

Mr. Doraraj S,
Lead Independent Director

Mr. Tushar s/o Pritamlal Doshi,
Independent Director

Mr. Jai Swarup Pathak,
Non-Executive, Non-Independent Director

Mr. Maneesh Tripathi,
Executive Director and Group CEO

COMPANY SECRETARY

Ms. Kim Yi Hwa

AUDIT COMMITTEE

Mr. Doraraj S – Chairman
Mr. Tushar s/o Pritamlal Doshi
Mr. Jai Swarup Pathak

NOMINATING COMMITTEE

Mr. Tushar s/o Pritamlal Doshi – Chairman
Mr. Doraraj S
Dr. Bhupendra Kumar Modi

REMUNERATION COMMITTEE

Mr. Tushar s/o Pritamlal Doshi – Chairman
Mr. Doraraj S
Mr. Jai Swarup Pathak

REGISTERED OFFICE

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Level 4, Smart Innovation Centre
Singapore 408826
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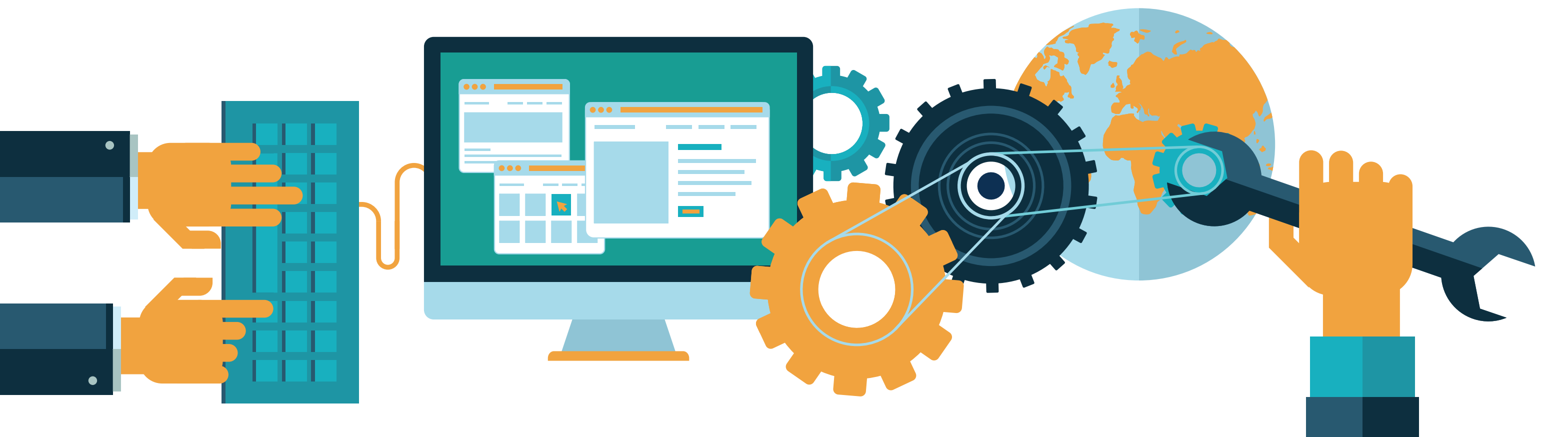
Fax: (65) 6441 3013
http://www.s-i2i.com/

SHARE REGISTRAR

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

AUDITORS

Moore Stephens LLP
Public Accountants and Chartered Accountants
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: Christopher Bruce Johnson
Date of appointment: 25 August 2014



CORPORATE GOVERNANCE

Si2i Limited (the "Company") and its subsidiaries (collectively called "the Group") are committed to achieving and maintaining high standards of corporate governance. While there will always be business risks, we believe that good corporate governance is the cornerstone to building a sound corporation in the best interests of the shareholders. We believe that given the Group's size and stage of development, the overall corporate governance we have in place is appropriate. This corporate governance report ("Report") describes the Company's corporate governance framework with specific reference to the principles set out in the Code. Where there is any deviation from the Code, an explanation has been provided within this report. The Company has also complied with the spirit and requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Effective board to lead and control the Company

The principal role of the Board of Directors (the "Board") is to decide on matters in respect of strategic direction, performance, resources, standard of conduct, corporate planning, major investments and divestments. The Board oversees and reviews key operational activities, business strategies and affairs of the Group, annual budget, management performance, adequacy of internal controls and risk management, stakeholder engagement and sustainability. The Board also approves financial results for release to the SGX-ST, major funding and borrowings, investment proposals, and ensures effective human resources and management leadership of high quality and integrity are in place. Each Director exercises objective judgement in the best interest of the Company and the shareholders.

To assist the Board in its discharge of oversight function, the Board has delegated specific responsibilities to various board committees, namely the Audit Committee (AC), the Nominating Committee (NC) and the Remuneration Committee (RC).

The details of the AC, NC and RC can be found in pages 16 to 24 of this report.

During the financial year from 1 January 2016 to 31 December 2016 ("FY2016"), a total of six Board meetings were held. The Company's Constitution allows for participation in a meeting of the Board by means of conference telephone or similar communications equipment. The number of meetings of the Board of Directors, AC, RC and NC held in FY2016, as well as the attendance of each Board member at these meetings are set out in the table below.

	Board (Regular)		Board (Ad-hoc)		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings									
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr. Bhupendra Kumar Modi	4	2	2	2	–	–	–	–	–	–
Mr. Thomas Henrik Zilliacus*	2	2	1	–	2	2	1	1	1	1
Mr. Ashok Kumar Goyal**	–	–	–	–	–	–	–	–	–	–
Mr. Hanif M Dahya@	2	2	–	–	2	2	1	–	1	–
Mr. Maneesh Tripathi*	2	2	1	1	–	–	–	–	–	–
Ms. Chada Anitha Reddy@@	4	4	2	2	5	5	1	1	1	1
Mr. Doraraj S#	2	2	2	2	3	3	–	–	–	–
Mr. Tushar s/o Pritamlal Doshi#	2	2	2	2	3	3	–	–	–	–

* Ceased to be a Director on 15 July 2016 and re-appointed as an Executive Director on 23 March 2017
** Ceased to be a Director on 5 January 2016 and re-appointed as a Director on 13 February 2017 and resigned as a director on 23 March 2017
@ Ceased to be a Director on 11 July 2016
@@ Appointed as a Director on 5 January 2016 and ceased to be a Director on 23 March 2017
# Appointed as a Director on 15 July 2016

CORPORATE GOVERNANCE

The Board oversees the management of the Group and has adopted a set of internal guidelines setting out management authority limits (including Board's approval) for capital and operating expenditure, investments and divestments, bank facilities and cheque signatories.

An induction is provided by the Company to newly appointed Directors which includes management presentations on the Group's businesses and strategic plans and objectives. The Directors are provided with regular updates on regulatory changes and any new applicable laws and are also encouraged to attend training programs, seminars and workshops organized by professional bodies and organizations, so as to enable them to properly discharge their duties as Board or Board Committee members. The Company has arranged and funded the training of the Directors. During the year, newly appointed first time directors have attended training programmes such as Effective Board for Growth Companies, Board and Directors fundamentals, Remuneration Committee Essentials, ACRA-SGX-SID Audit Committee Seminar 2017 etc.

Board Composition and Guidance
Principle 2: Strong and independent element on the Board

The Directors of the Company during FY2016 and as at the date of this Annual Report are:–

1. Dr. Bhupendra Kumar Modi (Non-Executive Chairman)

2. Mr. Thomas Henrik Zilliacus (Lead Independent Director) (resigned on 15 July 2016)

3. Mr. Ashok Kumar Goyal (Non-Independent Non-Executive Director) (resigned on 5 January 2016 and re-appointed on 13 February 2017) (resigned on 23 March 2017)

4. Mr. Hanif M Dahya (Independent Director) (resigned on 11 July 2016)

5. Mr. Maneesh Tripathi (Executive Director & Group Chief Executive Officer) (resigned as Executive Director on 15 July 2016 and continued as Group CEO) (Reappointed as Executive Director & Group CEO on 23 March 2017)

6. Ms. Chada Anitha Reddy (Non-Independent Non-Executive Director) (appointed on 5 January 2016) (resigned on 23 March 2017)

7. Mr. Doraraj S (Lead Independent Director) (appointed on 15 July 2016)

8. Mr. Tushar s/o Pritamlal Doshi (Independent Director) (appointed on 15 July 2016)

9. Mr. Jai Swarup Pathak (Non-Executive Non-Independent Director) (appointed on 31 March 2017)

Currently, the Company does not have a diversity policy but recognises that board diversity brings fresh perspective to the Board. Due to a need for fresh perspective, during FY2016, Board membership was refreshed and the current Board comprises Directors with diversity of expertise and knowledge in areas such as business management, strategic planning experience, legal, customer-based experience, and accounting or finance.

Ms. Chada Anitha Reddy was appointed as a Non-Independent Non-Executive Director on 5 January 2016 and she has stepped down as a Director on 23 March 2017.

During FY2016, Mr. Doraraj S was appointed as Lead Independent Director on 15 July 2016 and Mr. Tushar s/o Pritamlal Doshi as Independent Director on 15 July 2016 and they have been appointed based on their experience and potential to contribute to the proper guidance of the Company.

Mr. Ashok Kumar Goyal who had stepped down on 5 January 2016 after steering the Company out of the red in FY2015 and he was re-appointed as a Director on 13 February 2017. However, due to his personal pre-occupations, he had resigned on 23 March 2017.

CORPORATE GOVERNANCE

During FY2016, Mr. Ashok Kumar Goyal, Mr. Hanif M Dahya and Mr. Thomas Henrik Zilliacus stepped down as Directors of the Company on 5 January 2016, 11 July 2016 and 15 July 2016 respectively due to their other professional commitments.

Mr. Thomas Henrik Zilliacus had stepped down as a Director of the Company after 13 years to refresh the Board membership. His tenure was significantly a longer time than recommended for board members of listed companies.

Mr. Maneesh Tripathi relinquished his position as Executive Director on 15 July 2016. Mr. Maneesh Tripathi, the Group Chief Executive Officer ("CEO") was re-appointed to the Board on 23 March 2017. His reappointment is to focus on the Group's performance as an Executive Director, so that the Company can come out of the Financial Entry Watch List.

Mr. Jai Swarup Pathak, a seasoned legal professional, has been appointed on the Board as a Non-Executive Non-Independent Director on 31 March 2017.

The Board is cognizant of the recommendation of Guideline 2.2 of the Code which provides that where, inter alia, the Chairman of the Board is not an independent director, the independent directors should make up at least half of the Board.

In FY2016, the composition of the Board was made up of at least half of independent directors and, the independent directors make up at least one third of the Board and as such, provide a strong independent element on the Board. Management has benefitted and would continue to benefit from their external and objective perspectives on issues that are brought before the Board.

Currently, the number of Independent Directors on the Board does not make up at least half of the Board. The NC and the Board are in the process of searching for another suitable independent candidate and would soon endeavour to appoint an independent director to ensure continued compliance with the Code.

The NC identifies and nominates candidates to fill Board vacancies for the approval of the Board, as and when the need arise. In selecting prospective new directors, Board size and mix, required skills, experience and competencies necessary to enable the Board to fulfill its responsibilities will be considered. Prospective candidates are sourced through extensive network of contacts and new directors are reviewed by the NC based on key attributes such as integrity, commitment, competencies and ability to carry out duties as a director. Recommendations are then made to the Board for Board approval.

The independent non-executive directors constructively challenge and assist in development of proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. When necessary, the non-executive directors will have discussions and meet amongst themselves without the presence of Management.

Membership on the Board and various board committees are carefully selected to ensure an equitable distribution of responsibilities and appropriate combination of skills and experience, as well as a balance of power and independence.

The NC continues to hold the view that as warranted by circumstances, the Board may form additional board committees to look into specific areas of oversight. Majority of the members in the AC, RC and NC are independent directors of which chairpersons of the AC, RC and NC are all independent directors.

The Board consists of individuals who are respected business leaders and professionals, whose collective core competencies and experience are extensive, diverse and relevant to the principal activities of the Group.

The NC had reviewed the independence of the Independent Directors who were present on the Board in FY2016 and found them to be independent. The Board does not impose any limit on the length of service of independent directors. Currently, none of the Independent Director has served on the Board for more than nine years from their respective date of first appointment.

CORPORATE GOVERNANCE

The NC had reviewed the size of the Board in FY2016 taking into account the nature and scope of the Group's operations. The current Board members comprise competent Directors who are able to address the relevant industry and business needs of the Group. The NC was satisfied that the Board in FY2016 comprised Directors who as a group provided core competencies and diversity of skills, experience, gender and knowledge such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective.

The Board views that Board renewal is an ongoing process to ensure good governance, and to maintain relevance to the changing needs of the Group and business. The Board, in its stewardship role is working on a time bound strategic plan towards coming out of the Financial Entry Watch List.

Chairman and CEO
Principle 3: Clear division of responsibilities at the top of the Company, no one individual represents a considerable concentration of power

In FY2016, Dr. Bhupendra Kumar Modi was the Non-Executive Director and Chairman of the Company and he was involved at the Board level in charting the corporate direction for the Company while taking advice from the other members of the Board.

Mr. Maneesh Tripathi was the Group CEO of the Company and has been delegated with full executive responsibility for overseeing the Group's day-to-day business, development, strategies and policies.

In FY2016, the Chairman and the Group CEO performed separate functions to ensure that there is an appropriate balance of power, authority and responsibility, and to ensure accountability and Board independence. All major decisions involving the Company are only executed upon approval by a majority of the Board. The Chairman and the CEO are not related to each other.

The Chairman led the Board and ensured that the members of the Board worked closely together with Management on various matters, including strategic issues and business planning processes. The Chairman also ensured effective communication with shareholders and promoted high standards of disclosure and corporate governance.

Mr. Thomas Henrik Zilliacus ceased to be Lead Independent Director and Mr. Doraraj S was appointed as Lead Independent Director on 15 July 2016. The Lead Independent Director is available to shareholders if they have any concerns relating to matters when contact through the normal channels of the CEO or the Chairman has failed to resolve, or where such contact is inappropriate.

Board Membership
Principle 4: Formal and transparent process for the appointment of new directors to the board

<u>NC</u>

The Company has established a NC to, among other matters, make recommendations to the Board on all board appointments and oversee the Company's succession and leadership development plans.

The NC, which is guided by written terms of reference, comprises the following Directors:

Mr. Tushar s/o Pritamlal Doshi	Independent Director (Chairman) (Appointed on 15 July 2016)
Mr. Doraraj S	Lead Independent Director (Appointed as a member on 15 July 2016)
Dr. Bhupendra Kumar Modi	Non-Executive Non-Independent Director (Appointed as member on 31 March 2017)

CORPORATE GOVERNANCE

Mr. Thomas Henrik Zilliacus and Mr. Hanif M. Dahya ceased to be chairman and members of the NC on 15 July 2016 respectively. Ms. Chada Anitha Reddy was appointed as a member of the NC on 5 January 2016 and ceased to be a member on 23 March 2017.

Majority of the NC members (including the Chairman) are independent directors.

The NC's key terms of reference includes identifying and selecting new Directors and ensuring equitable distribution of responsibilities among Board members to optimise the effectiveness of the Board. Board renewal is an ongoing process to ensure good governance, and maintain relevance to the changing needs of the Group and business.

The NC reviews and assesses the nominations for the appointment, re-appointment or re-election of Directors before making recommendations of the same to the Board. Consideration for assessment of Board is given to diversity of experience, appropriate skills, potential contributions to the needs and goals of the Group, as well as to whether there are any conflicts of interests. The NC also evaluates the Directors' availability to commit them to carrying out the Board's duties and activities having regard to director's contribution and performance (such as attendance, preparedness, participation and candour). The NC Chairman is an Independent Director and is not, or the one who is directly associated with, a Substantial Shareholder (with interest of 5% or more in the voting shares of the Company).

In accordance with Article 104 of the Company's Constitution, at least one-third of the Directors (or, if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation at every Annual General Meeting ("AGM") and each Director is subject to retirement at least once in every three years. None of the Directors would retire at the forthcoming AGM in accordance with Article 104 of the Company's Constitution. Pursuant to Article 108 of the Constitution of the Company, newly appointed Directors should submit themselves for re-election at the Annual General Meeting following their appointments. Mr. Doraraj S, Mr. Tushar s/o Pritamlal Doshi, Mr. Maneesh Tripathi and Mr. Jai Swarup Pathak would be required to submit themselves for re-election at the forthcoming AGM. They have offered themselves for re-election.

All re-appointments of Directors are subject to recommendation of the NC. The NC meets at least once a year. Additional meetings are scheduled when the Chairman of the NC deems necessary.

The NC reviews the "independence" status of the Directors annually having regard to the guidelines provided in the Code. Mr. Doraraj S and Mr. Tushar s/o Pritamlal Doshi have each declared that they are independent. The NC was satisfied that Mr. Doraraj S and Mr. Tushar s/o Pritamlal Doshi are considered to be independent.

The NC had reviewed the Directors with multiple directorships and was of the view that sufficient time and attention has been given to the affairs of the Company, through attendance at Board and Board Committee meetings including meetings held via teleconference and is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their multiple board representations and other commitments. The Board did not see any reason to set the maximum number of listed board representations that any director may hold as all the directors are able to devote their time to the affairs of the Company in light of their other commitments.

There are no Alternate Directors appointed in the Company.

CORPORATE GOVERNANCE

Key information of the Directors are set out in the following pages of the Annual Report: academic and professional qualifications are set out on pages 8 to 9 of this Annual Report; age, date of first appointment as well as last re-election are set out in the table below.

Name	Age	Position	Date of Initial Appointment	Date of Last Re-election/ re-appointment/ Resignation
Dr. Bhupendra Kumar Modi	68	Non-Executive Director and Chairman	1 September 2015	Last re-election on 29 April 2016
Mr. Doraraj S	67	Lead Independent Director	15 July 2016	Due for re-election
Mr. Tushar s/o Pritamlal Doshi	50	Independent Director	15 July 2016	Due for re-election
Ms. Chada Anitha Reddy	45	Non-Independent Non-Executive Director	5 January 2016	Resigned on 23 March 2017
Mr. Maneesh Tripathi	54	Executive Director & Group CEO	23 March 2017	Due for re-election
Mr. Jai Swarup Pathak	58	Non-Executive Non-Independent Director	31 March 2017	Due for re-election

Information on the shareholdings in the Company of each Director is set out on pages 28 to 30 of the Directors' Statement.

Board Performance
Principle 5: Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

The Company believes that Board performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that Directors appointed to the Board possess the background, experience, industry knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

During FY2016, the NC had evaluated the performance of the Board as a whole and its committees. Each Director is required to complete a board evaluation questionnaire. The results of the evaluation is prepared and consolidated for the Board and the findings of the evaluation are discussed by the NC with recommendation to the Board for any need for improvements to be made. The performance criteria of the Board covers composition structure, accountability and standards of conduct of the Board and effectiveness as a whole. One of the considerations when assessing the Board's performance is its ability to lend support to Management especially in times of crisis and to steer the Group in the right direction. Other considerations include contribution by Board members, communication with the Management and the Board members' standard of conduct and compliance. The Directors are not evaluated individually. However, the factors taken into consideration for the re-nomination of the Directors are based on their contributions at meetings and on various matters, including strategic issues and business planning processes and their attendance at meetings. Throughout the year FY2016, the Board has maintained open lines of communication directly with Senior Management on matters within their purview, over and above their attendance at convened meetings. The Board has also constructively challenged and assisted in developing proposals on strategy and reviewed the Management's performance in meeting set goals and objectives. The Board has also provided valuable inputs, knowledge and raised insightful issues at Board and board committees' meetings.

CORPORATE GOVERNANCE

Access to Information
Principle 6: Board members to have complete, adequate and timely information

Prior to each Board or board committee meeting and as warranted by circumstances, Management provides the Board and the relevant board committees with adequate and complete information, relating to matters to be brought before them for decision. Periodical updates on the performance of the Group are also provided to the Board for their information. This enables the Board and the board committees to make informed, sound and appropriate decisions and keep abreast of key challenges and opportunities as well as developments for the Group.

The Board has independent and direct access to Senior Management at all times. Frequent dialogue and interaction take place between Senior Management and the Board members. The Board also has separate and independent access to the Company Secretary who attends all Board meetings. The Company Secretary is responsible for advising the Board through the Chairman to ensure that the Board procedures are followed and that the applicable requirements of the Act and the SGX-ST Listing Manual are complied with. The Company Secretary is also responsible for good information flow within and between the Board, the board committees and the Senior Management. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board members may take independent professional advice, at the Company's expense, as and when necessary to enable them to discharge their responsibilities effectively.

(B) REMUNERATION MATTERS

Principle 7: Procedures for developing remuneration policies
Principle 8: Level and mix of remuneration
Principle 9: Disclosure on remuneration

<u>RC</u>

The RC comprises of the following Directors:

Mr. Tushar s/o Pritamlal Doshi	Independent Director (Appointed as Chairman on 15 July 2016)
Mr. Doraraj S	Lead Independent Director (Appointed as a member on 15 July 2016)
Mr. Jai Swarup Pathak	Non-Independent Non-Executive Director (Appointed as a member on 31 March 2017)

Mr. Ashok Kumar Goyal ceased to be member on 5 January 2016. Mr. Thomas Henrik Zilliacus and Mr. Hanif M. Dahya ceased to be chairman and member of the RC on 15 July 2016 and 11 July 2016 respectively. Ms. Chada Anitha Reddy was appointed as a member of the RC on 5 January 2016 and ceased to be a member on 23 March 2017.

All the members of the RC are Non-Executive and the majority of the RC members including the Chairman are independent directors.

The main responsibilities of the RC which is guided by its written terms of reference, include:–

(i) reviewing policy on executive remuneration and for determining the remuneration packages of individual Directors and Senior Management;

(ii) reviewing and making recommendation to the Board for endorsement of a framework for remuneration which covers all aspects of remuneration including Directors' fees, salaries, allowance, bonuses, options and benefits in kind and the specific remuneration packages for each Director; and

(iii) reviewing the remuneration of Senior Management.

CORPORATE GOVERNANCE

In setting an appropriate remuneration structure and level, the RC takes into consideration industry practices and norms in compensation as well as the Group's relative performance. The compensation structure is designed to enable the Company to stay competitive and relevant.

Only the independent directors are paid fees. Non-Executive directors who are not independent have not been paid any fee during the current financial year or any other form of remuneration.

The framework for independent directors' remuneration is based on separate fixed fees for holding a chairman position and being a member, as well as serving on board committees. The framework is as follows:

Fees of Independent Directors	Chairman (S$ per annum)	Member (S$ per annum)
Board	75,000	40,000
Audit Committee	22,000	10,000
Nominating Committee	15,000	8,000
Remuneration Committee	15,000	8,000

Share options are granted from time to time as decided by the RC. The policy takes into account the effort and time spent and the responsibilities assumed by each independent director. Directors' fees are subject to the shareholders' approval at the forthcoming AGM. No director is involved in the decision concerning his own fee.

The RC has recommended to the Board a total amount of S$158,277.30 as Directors' fees for FY2016. This recommendation has been endorsed by the Board and would be tabled at the forthcoming AGM for shareholders' approval.

The level and mix of each of the Directors' remuneration are set out below for the FY2016.

	Fees %	Salary %	Bonus %	Share-based Payment %	Total S$
S$100,000 and below					
Dr. Bhupendra Kumar Modi	NA	–	–	–	–
Mr. Thomas Henrik Zilliacus	100%	–	–	–	43,398.62
Mr. Ashok Kumar Goyal	NA	–	–	–	–
Mr. Hanif M Dahya	100%	–	–	–	41,433.18
Mr. Maneesh Tripathi*		100%	–	–	
Ms. Chada Anitha Reddy	NA	–	–	–	–
Mr. Doraraj S	100%	–	–	–	36,260.37
Mr. Tushar s/o Pritamlal Doshi	100%	–	–	–	37,185.10

* the remuneration bracket has been disclosed with the Senior Management.

The Company adopts long-term incentive schemes such as Employee Share Option Schemes (ESOS), Restricted Share Plan (RSP) and Performance Share Plan (PSP) that reward Directors and employees who contribute to the Group and are valuable to retain, using vesting schedules.

CORPORATE GOVERNANCE

For key management personnel, the Group adopts a remuneration policy that comprises a fixed and a variable component. The variable component is in the form of a variable bonus that is linked to the Group's key performance indicators approved by the Board. The RC can engage experts to give advice on executive compensation, as and when the need for such services arises.

Information on the Group's ESOS, RSP and PSP is set out in the Directors' Statement on pages 29 to 30.

The remuneration details of the key executives for FY2016 is set out below:

<table>
<tr><th>No.</th><th>Employee Name</th><th>Designation</th><th>Basic</th><th>Variable Pay</th><th>Total</th><th>Salary Range in SGD</th></tr>
<tr><td>1</td><td>Mr. Maneesh Tripathi</td><td>Executive Director & Group CEO</td><td>51%</td><td>49%</td><td>100%</td><td>250,000-500,000</td></tr>
<tr><td>2</td><td>Rakesh Khera</td><td>Deputy Chief Financial Officer</td><td>100%</td><td>–</td><td>100%</td><td rowspan="4">0-250,000</td></tr>
<tr><td>3</td><td>Rusli Sufianto</td><td>COO, Selular Group</td><td>81%</td><td>19%</td><td>100%</td></tr>
<tr><td>4</td><td>Arun Seth</td><td>Executive Director, Bharat IT Services Ltd</td><td>71%</td><td>29%</td><td>100%</td></tr>
<tr><td>5</td><td>Lim Ai Wah</td><td>AVP, Cavu Corp Pte Ltd</td><td>85%</td><td>15%</td><td>100%</td></tr>
</table>

Note:–

1 In light of the return to profitability and successful divestment of three non-core businesses in 2015, the salary of Mr. Maneesh Tripathi, the Group CEO was restored starting from 1 January 2016.

The remuneration lists out full remuneration received during the year 2016 including variable pay/performance incentive.

The aggregate remuneration paid to the above key executives in FY2016 was S$1,140,924.

The Company is of the view that due to confidentiality and sensitivity attached to remuneration matters; it would not be in the best interest of the Company to disclose the exact details of the remuneration of each of the key executives as recommended by the Code. The information on performance conditions of the key executives in FY2016 are not disclosed due to confidentiality and sensitivity attached to remuneration matters.

There is no employee who is related to a director whose remuneration exceeds S$50,000 in the Group's employment for FY2016.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospect

The Board has overall accountability to shareholders for the Group's performance and ensuring that the Group is well managed and guided by its strategic objectives. The Company continues to report the Group's operating performance and financial results on a quarterly basis and other price sensitive information via SGXNet in an effort to provide shareholders with a balanced and accurate assessment of the Group's performance, financial position and prospects. The Company believes that prompt compliance of statutory reporting requirements is a way to maintain shareholder confidence and trust in our capability and integrity.

CORPORATE GOVERNANCE

The Board is responsible for ensuring compliance with legislative and regulatory requirements and Group policies, practices and procedures have been established setting forth the internal procedures. Management provides the Board members with periodical business and financial reports which compare actual performance with budget and highlight the Company's performance, position and prospects.

INTERNAL CONTROLS AND RISK MANAGEMENT

Principle 11: Sound system of Risk Management and Internal Controls

The AC is delegated the full responsibility to review, together with the Company's auditors, at least once a year, the effectiveness and adequacy of the Group's system of internal accounting controls, operational and compliance controls and risk management policies.

The AC also monitors Management's responses to audit findings and actions taken to correct any noted deficiencies. The key internal controls covered under such a review include:

(i) identification of risks and implementation of risk management policies and measures;

(ii) establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;

(iii) documentation of key processes and procedures;

(iv) ensuring the integrity, confidentiality and availability of critical information;

(v) maintenance of proper accounting records;

(vi) ensuring the effectiveness and efficiency of operations;

(vii) safeguarding of the Group's assets; and

(viii) ensuring compliance with applicable laws and regulations.

The Company's internal control system ensures that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable. The Group has also put in place policies on proper employee behavior and conduct which includes the observance of confidentiality obligations on information relating to the Group and customers, and the safeguarding of system integrity.

The internal audit function, as discussed under Principle 13 below, assists the AC and the Board in evaluating internal controls, financial and accounting matters, compliance and financial risk management.

The Board has received assurance from the Group CEO and Deputy CFO on the adequacy and effectiveness of the Group's risk management and internal control systems, and that the financial records have been properly maintained and the financial statements for the year ended 31 December 2016 give a true and fair view of the Group's operations and finances.

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that Group's internal controls and risk management, addressing financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2016.

CORPORATE GOVERNANCE

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group would 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.

Principle 12: Establishment of Audit Committee with written terms of reference

AC

The AC comprises the following Directors:

Mr. Doraraj S	Lead Independent Director (Appointed as Chairman on 15 July 2016)
Mr. Tushar s/o Pritamlal Doshi	Independent Director (Appointed as a member on 15 July 2016)
Mr. Jai Swarup Pathak	Non-Independent Non-Executive Director (Appointed as a member on 31 March 2017)

Mr. Ashok Kumar Goyal (Non-Independent Non-Executive Director) ceased to be member on 5 January 2016. Mr. Hanif M. Dahya and Mr. Thomas Henrik Zilliacus ceased to be chairman and member of the AC on 11 July 2016 and 15 July 2016 respectively. Ms. Chada Anitha Reddy was appointed as a member of the AC on 5 January 2016 and ceased to be a member on 23 March 2017.

Majority of the members of the AC including the Chairman are independent directors. No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The AC has explicit authority to conduct or authorise investigation into any matter within its terms of reference. It has full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to discharge its functions properly.

The AC held five meetings in FY2016. The number of the Directors' participation and attendance at the AC meetings held during the FY2016 can be found on page 13 of this Report.

The key roles of AC include:–

(i) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(ii) reviewing the scope and results of the internal audit reports as well as Management's responses to the findings of the internal audit reports;

(iii) reviewing the quarterly and full-year financial statements and the integrity of financial reporting of the Company;

(iv) reviewing the adequacy of the Company's internal controls and risk management system;

(v) reviewing the interested party transactions;

(vi) making recommendations to the Board on the appointment and re-appointment of auditors; and

(vii) reviewing findings of internal investigations into matters where there is suspected fraud, irregularity, failure of internal controls or violation of any law likely to have a material impact on the financial reporting or other matters.

CORPORATE GOVERNANCE

The AC members take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements through updates from the external auditors and the Management from time to time.

During FY2016, the AC reviewed the quarterly financial statements; the results of the audits performed by the internal and external auditors and reviewed the register of interested person transactions.

The AC noted that there are no non-audit services provided by the auditors. The external auditors have confirmed their independence and the AC is satisfied on the independence of the external auditors.

The AC has adopted the practice to meet with both the external and internal auditors without the presence of Management at least once a year.

Both the AC and the Board have reviewed the appointment of auditors and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 712 and 716 of the Listing Rules of the SGX-ST. The AC, has therefore, recommended the existing external auditors, Moore Stephens LLP, to be re-appointed as auditors at the AGM.

As approved by the Board, the Company has put in place a whistle-blowing policy and procedures, which provide for the mechanisms by which the employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. There were no reports of whistle-blowing received for the year.

Financial matters

In review of the financial statements, the AC has discussed with 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 Management and the external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decisions were made
Revenue recognition	The AC considered the scope of accounting standards relevant to revenue recognition by the Group and the Group's revenue recognition practices. Please refer to page 31 of this Annual Report for the audit report on the matter. The AC discussed with Management in relation to the internal controls that exist over revenue recognition, and the assessment of those controls by the internal auditors. The AC also obtained an understanding of the work performed by the external auditors, including their assessment of the key controls in operation in relation to the internal control systems. The AC was satisfied with the appropriateness of the revenue recognized in the financial statements.
Valuation of inventories	The AC reviewed Management's judgements in assessing the required level of inventories provisioning and considered the method of estimating the carrying value of inventory remains appropriate. The AC also discussed with the external auditors on their review of the reasonableness of the allowances for inventories obsolescence. Please refer to page 31 of this Annual Report for the audit report on the matter. The AC concurred with Management's assessment of the allowance for inventory obsolescence and concluded that the disclosures in the financial statements were appropriate.

CORPORATE GOVERNANCE

Significant matters	How the AC reviewed these matters and what decisions were made
Valuation of trade and other receivables	The AC assessed the reasonableness of the recoverability of the amount due from trade and other receivables. The AC considered the observations and findings presented by the external auditors with reference to the Group's credit policy, and evaluation of the processes for identifying impairment indicators, the payment track records and credit worthiness. Please refer to page 31 of this Annual Report for the audit report on the matter. The AC reviewed the impairment computations and obtained assurance from Management that detailed impairment testing had been undertaken using appropriate methodology and assumption. The AC also discussed with the external auditors on their review of the reasonableness and relevance of the assumptions used in the impairment assessment. The AC concurred with Management's assessment of the allowance for impairment of trade and other receivables and concluded that the disclosures in the financial statements were appropriate.

Principle 13: Independent internal audit function

In line with good corporate governance, the Company has engaged BDO LLP ("BDO") as the Company's independent internal auditors to provide an independent resource and perspective to the Board and the AC, on the processes and controls that help to mitigate major risks.

BDO performs its work according to the Global BDO IA Methodology which is consistent with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC is satisfied that BDO has the adequate resources to perform its functions and has appropriate standing within the Company. The internal auditor reports its findings and recommendations for improvement of any internal control weakness to the AC. The AC reviews and makes recommendations to the Board to adopt the internal audit plan drawn up on an annual basis and ensures that the approved audit recommendations are adequately performed.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder rights
Principle 15: Communication with shareholders
Principle 16: Conduct of Shareholder Meetings

In line with continuous disclosure obligations of the Company pursuant to the SGX-ST's Listing Rules, it is the Board's policy that the shareholders be informed of all major developments that significantly affect the Group. Management addresses queries raised by institutional and retail investors or shareholders via phone calls or emails. Any shareholder also is free to call at the Company office during office hours on working days and get their queries attended.

Information is communicated to the shareholders on a timely basis through:

(i) quarterly and full year financial results announcements, announcements of corporate information in accordance with the requirements of SGX-ST, and press releases, if any broadcasted through SGXNet;

(ii) annual reports and circulars that are sent to all shareholders;

(iii) notices and explanatory notes for annual general meetings and extraordinary general meetings;

CORPORATE GOVERNANCE

(iv) the websites of the Company (www.s-i2i.com) at which shareholders and the public may access information on the Group; and

(v) The notice of annual general meeting is dispatched to shareholders at least 14 days before the meeting.

The Board welcomes questions from institutional and retail shareholders who have an opportunity to raise issues either formally at or informally after the annual general meeting. The respective Chairmen of the AC, RC and NC are normally available at the annual general meeting to answer questions relating to the work of these committees.

During FY2016, the Company returned S$0.729 per share to its Shareholders back which totalled to approximately S$10 million from the Company's cash by way of Capital Reduction.

Though the Company has made profit this year, the Company has not declared any dividends. The Company has returned approximately S$10 million back to its Shareholders in FY2016 by way of Capital Reduction as mentioned above. The Company does not have a dividend policy. The Board in considering dividend payments will take into account factors such as the Company's earning, financial condition, capital requirements, business expansion plans and cash flow.

Shareholders are informed of the AGM through notices published in the newspapers and reports sent to all shareholders. At each AGM, shareholders are encouraged to participate in the question and answer session. The Board of Directors, the external auditors and the Senior Management are present to respond to shareholders' questions.

If any shareholder is unable to attend the AGM, the Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote on his or her behalf at the AGM. A relevant intermediary, which has the meaning in the Companies Act, Cap 50, is allowed to appoint more than two proxies.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company presents separate resolutions on each issue at Shareholders' meetings. Voting on each resolution is carried out systematically by poll, with proper recording of the votes cast and the resolutions passed. The results of the electronic poll voting on each resolution, including the total number of votes cast for or against each resolution, were also announced after the Shareholders' meeting via SGXnet.

The Company Secretary prepares minutes of shareholders' meetings which incorporates comments and responses from the Board and Management. These minutes are available to shareholders upon their requests.

(E) RISK MANAGEMENT

The Group does not have a separate Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and will highlight all significant matters to the AC and the Board.

(F) MATERIAL CONTRACTS
(Listing Manual Rule 1207(8))

Other than those disclosed in the financial statements, the Company and its subsidiary companies did not enter into any material contracts involving interests of the CEO, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

CORPORATE GOVERNANCE

(G) DEALINGS IN THE COMPANY'S SECURITIES

(Listing Manual Rule 1207(19))

In line with the recommended practices on dealings in securities set out under Rule 1207(19) of the SGX-ST Listing Manual, the Company has a policy in place prohibiting dealings in the Company's securities on short-term considerations. Directors and employees are also expected to observe the insider trading laws at all times. The Company has issued directives to its employees and Directors not to deal in the Company's securities on short-term considerations and the Company and its officers also should abstain from dealing with the Company's securities for a period commencing two weeks before the announcement of the results of each quarter and one month before the announcement of full year results and ending on the date of the announcement of the relevant results.

(H) INTERESTED PERSON TRANSACTION

(Listing Manual Rule 907)

During the financial year under review, the Group had the following interested person transaction: Information required pursuant to Rule 907

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)[1]
Smart Innovations Global Pte Ltd (f.k.a. Armorcoat Technologies Pte Ltd)	1,387*	–

* amount in S$'000s

Notes:

1. There was neither renewal nor new IPT mandate obtained during the Annual General Meeting of the Company held on 29 April 2016.
2. Save for the above, there were no other transactions conducted with interested persons as defined in Chapter 9 of the Listing Manual of the SGX-ST.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited consolidated financial statements of S i2i Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2016, and the statement of financial position of the Company as at 31 December 2016.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company set out on pages 36 to 121, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year then ended;

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

1 DIRECTORS

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

Dr. Bhupendra Kumar Modi	Non-Independent, Non-Executive Director and Chairman
Doraraj S	Lead Independent Director (appointed on 15 July 2016)
Tushar s/o Pritamlal Doshi	Independent Non-Executive Director (appointed on 15 July 2016)
Jai Swarup Pathak	Non-Independent Non-Executive Director (appointed on 31 March 2017)
Maneesh Tripathi	Executive Director and Group CEO (appointed on 23 March 2017)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

3 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares, share options, performance shares or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Direct interest		Deemed interest	
Name of Directors and Company	**At the beginning of the financial year/date of appointment**	**At the end of the financial year**	**At the beginning of the financial year/date of appointment**	**At the end of the financial year**
S i2i Limited (the Company)		Ordinary shares		
Dr. Bhupendra Kumar Modi	–	–	4,304,651	4,424,651
Chada Anitha Reddy	487	487	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2017.

Dr. Bhupendra Kumar Modi, by virtue of the provisions of Section 7 of the Companies Act, Chapter 50, is deemed to be interested in the whole of the issued share capital of all the related corporations of S i2i Limited at the beginning and end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4 SHARE OPTIONS

The particulars of share options of the Company are as follows:

(a) 1999 S i2i Employees' Share Option Scheme

This scheme had lapsed in the year 2009 and had since been discontinued. There are no outstanding options under this scheme.

(b) 1999 S i2i Employees' Share Option Scheme II

This scheme had lapsed in the year 2009 and had since been discontinued. The last outstanding option under this scheme lapsed in April 2016. There are no outstanding options under this scheme.

(c) S i2i Restricted Share Plan ("S i2i RSP") and S i2i Performance Share Plan ("S i2i PSP")

The S i2i RSP and S i2i PSP had lapsed in April 2016 and had since been discontinued. There are no outstanding restricted share awards or restricted share awards pending under these schemes.

(d) S i2i Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the S i2i 1999 Employees' Share Option Scheme and the 1999 S i2i Employees' Share Option Scheme II as no new options can be granted under these schemes. Pursuant to ESOP 2014, the RC has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 is administered by the RC who then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

The RC had on 27 March 2015 granted a total of 274,200,000 stock options to the directors under the ESOP 2014. The options granted at an exercise price of S$0.0024 were to be vested after 2 years from the date of the grant. The options can be exercised up to 10 years from the date of the grant.

Aggregate options of 274,200,000 were granted under this Scheme since the commencement of the Scheme and it was adjusted in prior year to 685,500 due to share consolidation. The options granted during the financial year under this Scheme were Nil (2015: 685,500). As at the end of the financial year, all options granted had lapsed. No options are outstanding as on the date of this report.

Except as disclosed above, no other directors were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme. No unissued shares other than those referred to above, are under option as at the date of this statement.

During the financial year under review, no options have been granted at a discount.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

5 AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following three Directors:

Doraraj S	Chairman, Lead Independent Director (appointed on 15 July 2016)
Tushar s/o Pritamlal Doshi	Member, Independent Non-Executive Director (appointed on 15 July 2016)
Jai Swarup Pathak	Member, Non-Independent Non-Executive Director (appointed on 31 March 2017)

The AC performs the functions set out in section 201B (9) of the Singapore Companies Act, Chapter 50. In performing those functions, the AC reviewed the overall scope of the internal audit function, external audit function and the assistance given by the Company s officers to the auditors. The AC met with the auditors to discuss the results of their audit and their evaluation of the systems of internal controls. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016, as well as the external auditors report thereon.

The AC has noted that there are no non-audit services provided by the auditors and as such the independence of the auditors is not affected.

A full report on the functions performed by the AC is included in the report on Corporate Governance.

6 INDEPENDENT AUDITORS

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors

Doraraj S
Lead Independent Director

Maneesh Tripathi
Executive Director and Group Chief Executive Officer

Singapore
4 April 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF S i2i LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of S i2i Limited (the Company) and its subsidiaries (the Group) as set out on pages 36 to 121, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

For the year ended 31 December 2016, the Group has recorded revenue amounting to S$325.49 million.

The accounting policies for revenue recognition are set out in Note 2(r) to the financial statements and the different revenue streams of the Group have been disclosed in Note 4 to the financial statements.

We have identified sales cut-off to be significant because of the high volume of transactions and the varying sales contractual and shipping terms. Revenue recognition is susceptible to the higher risk that the revenue is recognised before the transfer of risks and rewards of ownership of goods to the customers.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF S i2i LIMITED

Key Audit Matters (Cont'd)

Revenue recognition (Cont'd)

Our response:

We assessed the overall sales process and the relevant systems and the design of controls over the capture and recording of revenue transactions. We have tested the effectiveness of controls on the processes related to revenue recognition relevant to our audit.

We performed sample testing on revenue and checked that the revenue recognition criteria are appropriately applied. We have also performed cut-off test to ensure the Group has complied with proper cut-off procedures and revenue is recognised in the appropriate accounting period.

Our findings:

We found the Group's revenue recognition to be consistent with its accounting policy as disclosed in Note 2(r) to the consolidated financial statements. We are satisfied that the Group's revenue has been appropriately recognised and in the relevant accounting period.

Valuation of inventories

We refer to Note 2(k) and Note 3(b)(ii) to the financial statements.

As at 31 December 2016, the total carrying amount of inventories was S$13.80 million. The assessment of impairment of inventories involves significant estimation uncertainty, subjective assumptions and the application of significant judgment.

Reviews are made periodically by management on inventories for obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving history. Key factors considered include the nature of the stock, its ageing, shelf life and turnover rate.

Our response:

We have checked and analysed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories write-off or reversal of the allowances for inventories obsolescence. We conducted a detailed discussion with the Group's key management and considered their views on the adequacy of allowances for inventories obsolescence in light of the current economic environment. We have also reviewed the subsequent selling prices in the ordinary course of business and compared against the carrying amounts of the inventories on a sampling basis at the reporting date.

Our findings:

We found management's assessment of the allowance for inventory obsolescence to be reasonable based on available evidence.

Valuation of trade and other receivables

We refer to Note 2(j) and Note 3(a)(ii) to the financial statements.

The carrying amount of trade and other receivables of the Group was S$14.89 million as at 31 December 2016. We focused on this area because of its significance and the degree of judgement required in determining the carrying amount of trade and other receivables as at the reporting date.

As disclosed in Notes 12, 13 and 23 to the consolidated financial statements, the Group assesses at each financial year end whether there is objective evidence that the receivables are impaired. When there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF S i2i LIMITED

Key Audit Matters (Cont'd)

Valuation of trade and other receivables (Cont'd)

Our response:

We obtained an understanding of the Group credit policy and evaluated the processes for identifying impairment indicators. We have reviewed and tested the ageing of trade and other receivables. We have reviewed management's assessment on the credit worthiness of selected customers. We further discussed with the key management and the component auditors on the adequacy of the allowance for impairment recorded by the Group and reviewed the supporting documents provided by management in relation to their assessment. We have also reviewed the adequacy and appropriateness of the impairment charge based on the available information.

Our findings:

Based on our audit procedures performed, we found management's assessment of the recoverability of trade and other receivables to be reasonable and the disclosures to be appropriate.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF S i2i LIMITED

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF S i2i LIMITED

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 subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
4 April 2017

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 S$'000	Group 2015 S$'000
Turnover	4	325,490	411,924
Operating expenses			
Purchases and changes in inventories and direct service fees incurred		(299,221)	(383,640)
Commissions and other selling expenses		(262)	(277)
Other income – operating	5	2,401	2,592
Personnel costs	6	(16,358)	(20,081)
Infrastructure costs		(2,622)	(4,075)
Marketing expenses		(909)	(1,185)
Other expenses – operating		(5,544)	(6,178)
Other income – non-operating	5	974	3,741
Other expenses – non-operating		(1,678)	(572)
Interest income from deposits and investment securities	5	660	591
Finance costs		(281)	(712)
Depreciation of property, plant and equipment, net		(894)	(1,152)
Amortisation of intangible assets, net		(119)	(106)
Profit before taxation from continuing operations	7	1,637	870
Loss before taxation from discontinued operations	9	–	(210)
Total profit before taxation		1,637	660
Taxation			
From continuing operations	8	(1,164)	408
From discontinued operations	9	–	(2)
Total taxation		(1,164)	406
Net profit/(loss) after tax for the year			
From continuing operations		473	1,278
From discontinued operations	9	–	(212)
Total net profit after tax for the year		473	1,066
Profit attributable to:			
Owners of the parent		462	960
Non-controlling interest		11	106
Total		473	1,066
Earnings per share attributable to owners of the parent (cents per share)			
From continuing and discontinued operations			
– Basic and diluted	10	3.37	7.01
From continuing operations			
– Basic and diluted	10	3.37	8.55

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	**2015**
	S$'000	**S$'000**
Profit for the year	473	1,066
Other comprehensive income/(loss), net of income tax:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation		
– Gain on translation of foreign operations	984	185
– Gain reclassified to profit or loss on disposal of foreign operations	–	(1,677)
Net gain/(loss) on fair value changes of available-for-sale financial assets	93	(84)
	1,077	(1,576)
Items that will not be reclassified subsequently to profit or loss:		
– Gain on revaluation of property, plant and equipment	2,072	–
Other comprehensive income/(loss) for the year, net of tax	3,149	(1,576)
Total comprehensive income/(loss) for the year	3,622	(510)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	3,658	(467)
Non-controlling interest	(36)	(43)
Total comprehensive income/(loss) for the year	3,622	(510)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
Assets					
Current assets					
Inventories	11	13,800	11,660	–	–
Trade receivables	12	8,712	10,286	113	405
Other receivables and deposits	13	5,930	6,292	2,280	2,649
Prepayments	14	3,001	2,043	26	153
Due from subsidiaries	15	–	–	2,026	158
Investment securities	22	–	1,687	–	1,687
Loan receivable	23	–	–	–	–
Cash and cash equivalents	16	31,880	44,341	15,980	28,698
Tax recoverable	13	686	1,064	–	–
		64,009	77,373	20,425	33,750
Non-current assets					
Property, plant and equipment	17	4,798	5,256	22	256
Investment properties	18	2,434	–	–	–
Intangible assets	19	3	42	3	39
Investment in subsidiaries	20	–	–	25,067	5,912
Investment in associate	21	–	–	–	–
Investment securities	22	231	137	231	137
Long-term loans and advances to subsidiaries	24	–	–	1,042	16,451
Deferred tax assets	25	170	233	–	–
Trade receivables	12	81	–	–	–
Other receivables and deposits	13	171	860	–	687
Prepayments	14	201	166	–	–
		8,089	6,694	26,365	23,482
Total assets		72,098	84,067	46,790	57,232

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
Liabilities					
Current liabilities					
Trade creditors	26	6,984	8,112	157	1,201
Other creditors and accruals	27	7,108	10,105	1,624	2,623
Deferred revenue		1,996	2,480	–	280
Lease obligations, current	28	18	289	–	29
Loans and bank borrowings	29	2,527	3,829	–	–
Due to subsidiaries	15	–	–	6,957	7,685
Tax payable		787	246	–	–
		19,420	25,061	8,738	11,818
Non-current liabilities					
Lease obligations	28	–	192	–	167
Provision for employee benefits	34	995	786	–	–
Deferred revenue		140	197	–	–
Deferred tax liability	25	70	–	–	–
		1,205	1,175	–	167
Total liabilities		20,625	26,236	8,738	11,985
Equity Attributable to owners of the Company					
Share capital	30	580,518	590,515	580,518	590,515
Accumulated losses	31	(457,516)	(458,390)	(479,023)	(482,029)
Other reserves	32	(3,592)	(5,361)	(8,657)	(8,750)
Translation reserve	33	(67,833)	(68,864)	(54,786)	(54,489)
		51,577	57,900	38,052	45,247
Non-controlling interest		(104)	(69)	–	–
Total equity		51,473	57,831	38,052	45,247
Total liabilities and equity		72,098	84,067	46,790	57,232

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	← Attributable to owners of the Company				→		
	Share capital S$'000	Accumulated losses S$'000	Other reserves S$'000	Translation reserve S$'000	Total S$'000	Non-controlling interest S$'000	Total S$'000
Group							
31 December 2016							
Opening balance at 1 January 2016	590,515	(458,390)	(5,361)	(68,864)	57,900	(69)	57,831
Capital reduction	(9,997)	–	–	–	(9,997)	–	(9,997)
Capital subscribed by non-controlling interest	–	–	–	–	–	1	1
Profit for the year	–	462	–	–	462	11	473
Other comprehensive income/(loss), net of tax	–	–	2,165	1,031	3,196	(47)	3,149
Total comprehensive income/(loss) for the year	–	462	2,165	1,031	3,658	(36)	3,622
Transferred to accumulated losses	–	412	(396)	–	16	–	16
Closing balance at 31 December 2016	580,518	(457,516)	(3,592)	(67,833)	51,577	(104)	51,473
31 December 2015							
Opening balance at 1 January 2015	590,515	(459,350)	(5,277)	(67,521)	58,367	(26)	58,341
Profit for the year	–	960	–	–	960	106	1,066
Other comprehensive loss for the year, net of tax	–	–	(84)	(1,343)	(1,427)	(149)	(1,576)
Total comprehensive income/(loss) for the year	–	960	(84)	(1,343)	(467)	(43)	(510)
Closing balance at 31 December 2015	590,515	(458,390)	(5,361)	(68,864)	57,900	(69)	57,831

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group	
	2016	**2015**
	S$'000	**S$'000**
Cash Flows from Operating Activities		
Profit before taxation from continuing operations	1,637	870
Loss before taxation from discontinued operations	–	(210)
Profit before taxation	1,637	660
Adjustments for:		
Depreciation and amortisation, net	1,013	1,415
Allowance for doubtful non-trade debts, net	176	231
(Reversal of)/allowance for doubtful trade debts, net	(165)	170
Allowance for loan receivable	1,838	–
Allowance for/(reversal of) inventory obsolescence, net	429	(1,182)
Gain on disposal of a subsidiary	–	(3,478)
Interest income from bonds, deposits and investment securities	(660)	(591)
Finance costs	281	712
Unrealised foreign exchange differences	797	42
Others	172	(643)
Operating cash flows before working capital changes	5,518	(2,664)
(Increase)/decrease in inventories	(2,666)	8,459
Decrease in trade receivables	1,654	4,965
Decrease in other receivables and deposits	765	412
(Increase)/decrease in prepayments	(993)	1,098
Decrease in trade creditors	(1,128)	(7,552)
Decrease in other creditors and accruals	(2,997)	(1,765)
(Decrease)/increase in deferred revenue	(541)	970
Cash flows (used in)/generated from operating activities	(388)	3,923
Interest paid	(281)	(712)
Income tax (paid)/refunded	(116)	2,016
Net cash flows (used in)/generated from operating activities	(785)	5,227
Cash flows from Investing Activities		
Interest income received from bonds, deposits and investment securities	756	500
Disposal of subsidiary I-Gate Holdings, net of cash disposed	–	(46)
Disposal of subsidiaries MRC and MRNS, net of cash disposed	–	501
Proceeds from disposal of property, plant and equipment	1,367	115
Proceeds from investment securities	–	1,200
Purchase of property, plant and equipment	(1,836)	(619)
Purchase of intangible assets	(80)	(3)
Net cash flows generated from investing activities	207	1,648
Cash Flows from Financing Activities		
Withdrawal/(placement) of cash and bank deposits pledged	7,001	(3,865)
Repayment of loans and bank borrowings	(1,423)	(6,873)
Repayment of obligations under finance leases	(463)	(388)
Capital reduction	(9,997)	–
Net cash flows used in financing activities	(4,882)	(11,126)
Net decrease in cash and cash equivalents	(5,460)	(4,251)
Cash and cash equivalents at the beginning of year	32,802	37,053
Cash and cash equivalents at the end of the year (Note 16)	27,342	32,802

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

1 GENERAL

S i2i Limited (the "Company") is a limited liability company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 152 Ubi Avenue 4, level 4, Smart Innovation Centre, Singapore 408826.

The principal activities of the Company are rendering of telecommunication services and research and development, distribution of telecommunication handsets, related products and services, design and marketing of telecommunication software. The principal activities of the subsidiaries are disclosed in Note 20 to the financial statements.

The financial statements for the financial year ended 31 December 2016 were approved and authorised for issue by the board of directors in accordance with a resolution of the directors on the date of the Directors' Statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS").

The financial statements, which are expressed in Singapore Dollar ("S$"), are rounded to the nearest thousand dollar (S$'000), except as otherwise indicated. The financial statements have been prepared on a historical cost basis, except as disclosed in the summary of accounting policies below.

Adoption of New/Revised FRS

The Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2016. The adoption of these standards did not have any material effect on the financial statements.

New/Revised FRS which are not yet effective

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

		Effective for accounting periods beginning on or after
FRS 7 (Amendment)	*Statement of Cash Flows*	1 January 2017
FRS 12 (Amendment)	*Income Taxes – Recognition of deferred tax assets for unrealised losses*	1 January 2017
FRS 112 (Amendment)	*Disclosure of Interests in Other Entities*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 116	*Leases*	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Preparation (Cont'd)

New/Revised FRS which are not yet effective (Cont'd)

Except for FRS 109, FRS 115 and FRS 116 the directors expect the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending impact on the financial statements on adoption of FRS 109, FRS 115 and FRS 116 is described below.

FRS 109 *Financial Instruments*

FRS 109 was introduced to replace FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. FRS 109 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

FRS 115 *Revenue from Contracts with Customers*

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

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

FRS 116 *Leases*

FRS 116 *Leases* sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when all three elements of control are present: (a) power over the entity; (b) exposure or rights to variable returns from its involvement with the entity; and (c) ability to use its power to affect the amount of its returns.

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Acquisition-related costs are expensed as incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

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

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

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 of the asset transferred. Where necessary, adjustments are made to the subsidiaries financial statements to ensure consistency of accounting policies with that of the Group.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to income statement.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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 statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(c) Transactions with Non-Controlling Interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. Equity in an associate is accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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

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

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign Currencies

Functional and presentation currency

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

For the purpose of the consolidated financial statements, the results and financial position of each entity in the Group are expressed in Singapore Dollar ("S$"), which is the presentation currency for the consolidated financial statements. The functional currency of the Company is United States Dollar ("US$").

Transactions and balances

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

At the financial year end, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial year end are recognised in the income statement, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. These currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to the income statement as part of the gain or loss on disposal of the foreign operation.

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

Translation of Group entities' financial statements

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

- Assets and liabilities are translated at the closing exchange rate at the financial year end;
- 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 transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Group are reclassified to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign Currencies (Cont'd)

Translation of Group entities' financial statements (Cont'd)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the financial year end.

(f) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2(n). The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Buildings

Starting 1 January 2016, the Group has changed its policy in respect of measurement of buildings. Buildings are initially recorded at cost and are subsequently carried at revalued amounts. Management takes the view that this policy provides reliable and more relevant information about the value of the Group's buildings. The policy has been applied prospectively from 1 January 2016 because it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly the adoption of the new policy has no effect on prior periods.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period. Revaluation will be based on valuation by professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in the income statement. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in the income statement.

Work in Progress

Work in Progress comprises of battery electric vehicles and other miscellaneous tools and parts that are not capable of being used during the current financial year. These assets are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment (Cont'd)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

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

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

Furniture, fixtures and fittings	3 – 10 years
Computer equipment	2 – 5 years
Office equipment	3 – 8 years
Motor vehicles	3 – 10 years
Leasehold improvements	3 – 20 years
Buildings	20 years

Computer equipment includes office computers, telecommunication equipment and network equipment. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Any amount in revaluation reserve is transferred to accumulated losses directly. No transfer is made from the revaluation reserve to accumulated losses except when an asset is derecognised.

(g) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis. Gains and losses arising from changes in the fair value of investment properties are included in the income statement in the period in which they arise.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment Properties (Cont'd)

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in the income statement.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

(h) Intangible Assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2(e).

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible Assets (Cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

(i) Patents, trademarks and licences

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to profit or loss over the license period from 3 to 10 years. The costs of applying for and renewing patents and licences are charged to profit or loss.

The carrying amounts of patents, trademarks and licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(ii) Customer contracts, order backlog, customer relationship and marketing rights

Customer contracts, order backlog, customer relationship and marketing rights acquired through business combinations are measured at fair value as at the date of acquisitions. Subsequently, customer contracts, order backlog, customer relationship and marketing rights are amortised on a straight-line basis over their estimated useful lives of 1 to 15 years.

The carrying amounts of customer contracts, order backlog, customer relationship and marketing rights are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible Assets (Cont'd)

(b) Other intangible assets (Cont'd)

(iii) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of 3 years from the completion of the related project on a straight line basis.

(i) Financial Assets

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets, at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial Assets (Cont'd)

Subsequent measurement (Cont'd)

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

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

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Financial Assets (Cont'd)

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates that indicates the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at bank and on hand, fixed deposits, short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and are classified as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(i).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions

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

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

(n) Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

The Group recognises other borrowing costs as an expense in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(o) Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) Finance leases – as lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(b) Finance leases – as lessor

Finance leases which transfer substantially all the risks and rewards incidental to legal ownership of the leased items, are recognised as a receivable at an amount equal to the net investment in the lease. Thus, the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(c) Operating leases – as lessee

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

(d) Operating lease – as lessor

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Impairment of Non-financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group based its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, the Group has used cash flow projections based on detailed budgets and forecast calculations that is deemed reliable and accurate.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss is treated as a revaluation increase.

(r) Revenue Recognition

Revenue of the Group comprises fees earned from telecommunication and ISP services rendered, sale of software licences, distribution of telecom operator products and services, distribution of telecommunication handsets, related products and services, and the supply, rental, maintenance and servicing of computer hardware and peripheral equipment and systems integration service relating to computer equipment and peripherals, storage systems and networking products and business of battery electric vehicles and passenger land transport. These revenues are categorised into operating segments as detailed in Note 2(u).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue Recognition (Cont'd)

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Distribution of operator products and services

- Revenue from sale and distribution of mobile prepaid cards and related products and services is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold.

(b) ICT distribution and managed services

- Revenue from the supply of computer hardware and peripheral equipment is recognised at the time when the significant risk and rewards of ownership of the goods is transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

- Revenue from the maintenance and servicing of computer hardware and peripheral equipment, systems integration service and consultation services is recognised at the time when services are rendered.

- Revenue from the rental of computer hardware and peripheral equipment is recognised proportionately on a time basis over the contract period.

- Revenue from postpaid telecommunication services is recognised at the time when such services are rendered.

- Revenue from rendering of prepaid telecommunication services comprises the gross value of services rendered. Commissions and other incentives given to resellers are separately classified under commissions and other selling expenses as these are part of the distribution costs. Revenue and the related distribution costs from such services are recognised when services are rendered. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are rendered. Unused prepaid telecommunication services are included in the statements of financial position as "deferred revenue". Upon termination of the prepaid telecommunication services, any unutilised value of the prepaid telecommunication services will be taken to the profit and loss.

- Revenue from software customisation and system integration services to telecommunication carriers and wholesale clearing houses is recognised upon completion and delivery of the services to the customer.

- Revenue from software licences and post-contract customer support services is recognised proportionately on a time basis over the contract period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue Recognition (Cont'd)

(b) ICT distribution and managed services (Cont'd)

- Revenue from ISP services is recognised at the time when such services are rendered.

- Revenue from service income is recognised on an accrual basis when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

(c) Mobile devices distribution and retail

- Revenue from the supply of telecommunication and consumer electronic products is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(d) Battery electric vehicles

- Revenue from the supply of battery electric vehicles and related products is recognised at the time when significant risks and rewards of ownership of the goods are transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

- Revenue from passenger land transport comprises the gross value of services rendered. Fee paid towards online transportation network services is separately classified under commissions as these are part of the distribution costs. Revenue and the related distribution costs from such services are recognised, when services are rendered.

(e) Others

- Interest income is recognised using the effective interest method and management fee income is recognised on an accrual basis.

(s) Employee Benefits

(a) Defined contribution plans

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

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee Benefits (Cont'd)

(c) Employee share incentive plan

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share options and performance shares as consideration for services rendered ('equity-settled transactions').

The cost of equity-settled share-based transactions with employees for award granted after 22 November 2002 is measured by reference to the fair value at the date on which the share options and performance shares are granted which takes into account market conditions and non-vesting conditions. The Group has plans that are time-based and performance-based. In valuing the performance-based plans, no account is taken of any performance conditions.

The cost of equity-settled share-based transactions is recognised in the income statement, together with a corresponding increase in the employee share-based payment reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share-based payment reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share-based payment reserve is transferred to share capital if new shares are issued.

(d) Defined benefit plan

The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the respective jurisdiction, in accordance to the local legal regulations.

The said additional provisions are estimated using actuarial calculations based on the report prepared by independent actuary firms. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the income statement. Past service cost is recognised in the income statement in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee Benefits (Cont'd)

(d) Defined benefit plan (Cont'd)

Defined benefit costs are categorised as follows:

(a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

(b) Net interest expense or income; and

(c) Remeasurement.

The Group presents the first two components of defined benefit costs in the income statement in the line item 'personnel costs'. Curtailment gains and losses are accounted for as past service costs.

(t) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Taxes (Cont'd)

Deferred tax (Cont'd)

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition when a business combination is initially accounted for but is subsequently realised, the acquirer shall recognise the resulting deferred tax income in profit or loss or a reduction to goodwill (as long as it does not exceed goodwill) if incurred during the measurement period.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(u) Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

1. the nature of the products;

2. the type or class of customer for their products and services; and

3. methods used to distribute their products to the customers or provide their services.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Segment Reporting (Cont'd)

(a) Operating Segments

The main operating segments of the Group are:

a. Distribution of operator products and services, comprising:

(i) Distribution of mobile prepaid cards

b. ICT distribution and managed services, comprising:

(i) Supply, rental, maintenance and servicing of computer hardware and peripheral equipment;

(ii) Systems integration service related to computer equipment and peripherals, storage systems and networking products;

(iii) Provide computer advising and consultation services, training of personnel and sales and services of computer software;

(iv) PC-Phone service that allows users to make calls from their PC to any phone in the world;

(v) GCC service that offers users the means to make low cost calls via IP infrastructure;

(vi) IDD, Mobile VoIP and VoIP telephony services to corporate users and consumers;

(vii) Enterprise service that allows corporate users to make calls via their existing corporate PABX and internet access;

(viii) Wholesale Termination services to carriers and service providers;

(ix) Technology Licensing that offers connectivity and interoperability solutions to telecommunication carriers and wholesale clearing houses;

(x) ISP service that offers an extensive portfolio of data services includes Broadband, Leaseline Access, Private Network, Network Security, Hosted Services and IT Solutions to corporate users and consumers;

(xi) Provide internet infrastructure, e-business applications consulting, project management and systems support services; and

c. Mobile devices distribution and retail, comprising:

(i) Sales of mobile handsets, related products and services.

d. Battery electric vehicles, comprising:

(i) Business of battery electric vehicles and passenger land transport.

NOTES TO THE FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Segment Reporting (Cont'd)

(b) Geographical Information

The Group has organised geographical segments according to the region in which the reporting Company is incorporated in. Assets and capital expenditure are based on the location of the assets.

(v) Share Capital and Share Issue Expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are shown separately under other reserves.

(w) Contingencies

A contingent liability is:

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

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

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

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

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

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

(x) Related Parties

A related party is defined as follows:

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

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Related Parties (Cont'd)

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

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(y) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Financial Guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Key sources of estimation uncertainty

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

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 20 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2016 are approximately S$4,798,000 and S$22,000 (2015: S$5,256,000 and S$256,000) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If depreciation on property, plant and equipment increases/decreases by 10% from management's estimate, the Group's profit before taxation will decrease/increase by approximately S$89,000 (2015: S$115,000).

(ii) Impairment of loans and receivables

The Group assesses at each financial year end whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Key sources of estimation uncertainty (Cont'd)

(ii) Impairment of loans and receivables (Cont'd)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the financial year end is disclosed in Note 12 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by S$296,000 (2015: S$403,000).

(iii) Impairment of investment in subsidiaries

The Company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiaries. This requires assessment as to whether the carrying amount of its investment in subsidiaries and associates can be supported by the net present value of future cash flows derived from such investments using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement, the Company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. If the estimated recoverable amount decreases by 5% from management's estimates, the Company's allowance for impairment will increase by S$149,000 (2015: S$211,000).

(iv) Fair value of financial instruments

Where the fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates, changes on assumptions about these factors could affect the reported fair values of financial instruments. The valuation of financial instruments is disclosed and further explained in Note 40.

(v) Defined benefits plan

The determination of the Group's obligations and cost for employee benefits liabilities is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, annual salary increment rate, annual employee turnover rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions, which are more than 10% of the defined benefit obligations, are deferred and amortised on a straight-line basis over the expected average remaining service years of the qualified employees. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense. The carrying amount of the Group's employee benefits liabilities as at 31 December 2016 is S$1,067,000 (2015: S$848,000). Further details are given in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Critical judgements made in applying accounting policies

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

(i) Determination of functional currency

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

(ii) Allowance for inventories obsolescence

Reviews are made periodically by management on inventories for inventory obsolescence and decline in net realisable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving experiences. Allowances for inventories are written back upon subsequent sale of the inventories.

During the financial year, the Group recognised a net write back of S$429,000 (2015: S$780,000) and wrote off inventories of S$1,261,000 (2015: S$625,000) from continuing operations. The carrying amount of the Group's inventories as at 31 December 2016 was S$13,800,000 (2015: S$11,660,000).

(iii) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's tax payable, tax recoverable, deferred tax assets and deferred tax liabilities as at 31 December 2016 were S$787,000 (2015: S$246,000), S$686,000 (2015: S$1,064,000), S$170,000 (2015: S$233,000) and S$70,000 (2015: Nil) respectively.

(iv) Control over PT Technomas Internusa as a subsidiary

Note 20 describes that PT Technomas Internusa ("TIN") is a subsidiary of the Group although the Group does not own any equity interest in TIN. Based on the contractual arrangements between the Group and the shareholder of TIN, the Group has the power to direct the relevant activities of TIN. Therefore, the directors concluded that it has the practical ability to direct the relevant activities of TIN unilaterally and hence the Group has control over TIN.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Critical judgements made in applying accounting policies (Cont'd)

(v) Loss of control over Mediaring Communications Pte Ltd and Mediaring Network Services Pte Ltd

The Group has disposed of its investment in Mediaring Communications Pte Ltd ("MRC") and Mediaring Network Services Pte Ltd ("MRNS") for a consideration of S$3,000,000 payable in four instalments. The first closing has been completed on 30 December 2015 and as stipulated in the sale and purchase agreement, 30% of the shareholding in MRC and MRNS has been transferred to the buyer.

Although the Group continued to hold 70% of the shareholdings in MRC and MRNS as at 31 December 2015, management had assessed that the Group had lost control over both entities as management control had been handed over to the other shareholder effective from 30 December 2015 and the Group will have no exposure to the risks and rewards of the 70% shareholdings as the profit or loss of MRC and MRNS will be entirely borne by the buyer. Thus, management has regarded this as a disposal of the investment in subsidiaries in the prior financial year.

As at 31 December 2016, an additional 43.33% of the shareholdings in MRC and MRNS has been transferred to the buyer following the second and third closings on 3 March 2016 and 2 December 2016, and the Group's holdings has been further reduced to 26.67%.

4 TURNOVER

Turnover comprises the following:

	Group	
	2016 S$'000	**2015 S$'000**
Distribution of operator products and services	272,531	349,259
ICT distribution and managed services	41,369	45,196
Mobile devices distribution and retail	11,434	17,469
Battery electric vehicles/others	156	–
	325,490	411,924
Turnover from the sale of goods	318,794	403,352
Turnover from the rendering of services	6,696	8,572
	325,490	411,924

NOTES TO THE FINANCIAL STATEMENTS

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5 OTHER INCOME

	Group 2016 S$'000	Group 2015 S$'000
Other income – operating:		
– Rental income	139	302
– Write-back of sundry payables	1,639	1,175
– Rebates	177	148
– Support service to a related party	207	693
– Others	239	274
	2,401	2,592
Interest income:		
– Fixed deposits	601	414
– Bank balances	59	151
– Others	–	26
	660	591
Other income – non-operating:		
– Gain on disposal of investment in subsidiaries	–	3,478
– Gain on disposal of property, plant and equipment	36	132
– Fair value gain on investment securities designated at fair value through profit or loss	–	131
– Write-back of related party payables (Note 35)	938	–
	974	3,741

Write-back of sundry and related party payables relate to certain accruals and liabilities that are no longer required.

6 PERSONNEL COSTS

	Group 2016 S$'000	Group 2015 S$'000
Salaries and allowances	13,831	17,476
Central Provident Fund contributions	930	1,053
Defined benefit plan (Note 34)	235	(126)
Staff welfare	672	999
Insurance	184	291
Other personnel costs	506	388
	16,358	20,081

Other personnel costs include mainly medical fees, staff accommodation, recruitment cost, training cost and provision for unpaid leave balance.

NOTES TO THE FINANCIAL STATEMENTS

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7 PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit before taxation from continuing operations is stated after charging/(crediting) the following:

	Group	
	2016 S$'000	2015 S$'000
Audit fees paid/payable to:		
– Auditors of the Company	361	376
– Other auditors	81	117
Non-audit fees paid/payable to:		
– Other auditors	6	5
Directors' fees:		
– Directors of the Company	158	*
Other professional fees	884	1,185
Equipment rental	214	282
Foreign exchange gain	(75)	(937)
Telecommunication expenses	423	559
Travelling and entertainment	1,406	1,597
Allowance for doubtful trade debts (Note 12)	29	104
Allowance for doubtful non-trade debts (Note 13)	190	244
Allowance for loan receivable (Note 23)	1,838	–
Provision for inventory obsolescence	1,085	781
Write-back of allowance for doubtful trade debts (Note 12)	(260)	(393)
Write-back of provision for inventory obsolescence (Note 11)	(1,514)	(1,561)
Write off of inventories	1,261	625
Write off of trade debts	66	49
Write-back of allowance for doubtful non-trade debts (Note 13)	(14)	(286)
Write off of non-trade debts	–	273
Interest expense on loans and borrowings	281	712

* Less than S$1,000

8 TAXATION

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group	
	2016 S$'000	2015 S$'000
From continuing operations		
Consolidated income statement:		
Current income tax		
– Current income taxation	1,021	342
– Under/(over) provision in respect of previous years	34	(633)
	1,055	(291)
Deferred income tax (Note 25)		
– Origination and reversal of temporary differences	109	(117)
Income tax expense/(credit) relating to continuing operations	1,164	(408)

Foreign currency translation and net gain or loss on available-for-sale financial assets presented under other comprehensive income have no income tax impact.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

8 TAXATION (CONT'D)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2016 and 2015 is as follows:

	Group	
	2016 S$'000	2015 S$'000
Profit before taxation from continuing operations	1,637	870
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	924	158
Adjustments:		
Tax effect of expenses not deductible for tax purposes#	309	116
Deferred tax assets not recognised	390	466
Utilisation of deferred tax assets previously not recognised	(429)	(445)
Income not subject to taxation	(64)	(70)
Under/(over) provision in respect of previous years	34	(633)
Income tax expense/(credit) recognised in the income statement	1,164	(408)

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

The expenses not deductible for tax purposes mainly relate to provision for inventory obsolescence and allowance for doubtful debts.

The Group, in arriving at the current tax liabilities for the Singapore companies, has taken into account losses to be transferred under the loss transfer system of group relief in Singapore. This is subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Group is net of the tax effects of the unutilised tax losses transferred.

The use of these tax losses and unabsorbed capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 S$'000	2015 S$'000
Unabsorbed capital allowance	–	11,287
Unutilised tax losses	232,997	238,512

NOTES TO THE FINANCIAL STATEMENTS

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8 TAXATION (CONT'D)

The unabsorbed capital allowance and unutilised tax losses do not expire except for unutilised tax losses relating to subsidiaries in Indonesia, Thailand and China which have an expiry period of 5 years. The breakdown of unutilised tax losses that will expire in the next 5 years is as follows:

	Group	
	2016 S$'000	2015 S$'000
Expiry dates		
31 December 2016	–	307
31 December 2017	37,721	36,118
31 December 2018	21,974	20,743
31 December 2019	4,072	5,000
31 December 2020	6,601	6,287
31 December 2021	7,339	–

9 DISCONTINUED OPERATIONS

During the previous financial year, the Company disposed of its interest in Mediaring Communications Pte Ltd ("MRC"), Mediaring Network Services Pte Ltd ("MRNS") and I-Gate Holdings Sdn Bhd ("IGH"). The disposals were completed on 30 December 2015. The disposals were consistent with the Group's plan to dispose non-core businesses of the Group.

Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 20 Subsidiaries.

Analysis of loss for the year from discontinued operations

The combined results of the discontinued operations (MRC, MRNS and IGH) included in the consolidated income statement are set out below.

	Group 2015 S$'000
Turnover	5,226
Other income	196
Purchases and changes in inventories and direct service fees incurred	(3,997)
Commissions and other selling expenses	(6)
Personnel costs	(454)
Infrastructure costs	(412)
Marketing expenses	(2)
Other operating expenses	(605)
Depreciation of property, plant and equipment	(157)
Finance costs	1
Loss before tax from discontinued operations	(210)
Taxation	(2)
Loss for the year from discontinued operations, net of tax	(212)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

9 DISCONTINUED OPERATIONS (CONT'D)

Cash flows from discontinued operations

	Group 2015 S$'000
Net cash outflows from operating activities	(269)
Net cash outflows from investing activities	(37)
Net cash outflows	(306)

10 EARNINGS PER SHARE

	Group	
	2016 Cents per share	2015 Cents per share
Basic earnings per share		
From continuing operations	3.37	8.55
From discontinued operations	–	(1.54)
Total basic earnings per share	3.37	7.01
Diluted earnings per share		
From continuing operations	3.37	8.55
From discontinued operations	–	(1.54)
Total basic earnings per share	3.37	7.01

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. The following table reflects the profit and share data used in the basic and diluted earnings per share computation for the following year:

	Group	
	2016 S$'000	2015 S$'000
Net profit attributable to ordinary shareholders for computing basic and diluted earnings per share	462	960
Loss for the year from discontinued operations	–	212
Net profit from continuing operations attributable to ordinary shareholders for computing basic and diluted earnings per share	462	1,172

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

10 EARNINGS PER SHARE (CONT'D)

(a) Basic earnings per share (Cont'd)

	Group 2016 '000	Group 2015 '000
Weighted average number of ordinary shares as at 31 December 2016 and 2015 for the purpose of computing the basic earnings per share as disclosed in Note 30	13,712	13,712

(b) Diluted earnings per share

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

	Group 2016 '000	Group 2015 '000
Weighted average number of ordinary shares as at 31 December 2016 and 2015 for the purpose of computing the diluted earnings per share as disclosed in Note 30	13,712	13,712

During the previous financial year, the number of ordinary shares decreased as a result of a share consolidation of 400:1.

The 686,285 share options granted to employees under the existing employee share option plans in 2015 have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

During the current financial year (2015: Nil) and since the end of the year, no employees (including senior executives and directors) have exercised options to acquire ordinary shares.

11 INVENTORIES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Inventories	13,800	11,660	–	–
Inventories recognised as an expense	295,241	377,873	–	85

The Group wrote back an allowance for inventories amounting to S$1,514,000 (2015: S$1,561,000) upon the sale of inventories that allowance thereof had been recognised previously.

The Group has subjected the inventories amounting to S$9,119,000 (2015: S$10,444,000) to collateral charge as security for bank facilities (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

12 TRADE RECEIVABLES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Non-current				
Trade receivables	81	–	–	–
Current				
Trade receivables	12,250	13,728	1,079	1,369
Less: Allowance for impairment	(3,538)	(3,495)	(966)	(964)
	8,712	10,233	113	405
Lease receivables	–	54	–	–
Less: Unearned finance income	–	(1)	–	–
	8,712	10,286	113	405
Total trade receivables	8,793	10,286	113	405
Add:				
Long-term loans and advances to subsidiaries (Note 24)	–	–	1,042	16,451
Other receivables and deposits (Note 13)	6,101	7,152	2,280	3,336
Cash and cash equivalents (Note 16)	31,880	44,341	15,980	28,698
Due from subsidiaries (Note 15)	–	–	2,026	158
Total loans and receivables	46,774	61,779	21,441	49,048

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

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to S$3,490,000 (2015: S$4,455,000) and S$111,000 (2015: S$272,000) that are past due at the financial year end but not impaired. These trade receivables are unsecured and the analysis of their aging at the financial year end is as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade receivables past due for:				
Less than 30 days	1,530	2,269	1	2
31 to 60 days	439	1,327	1	*
61 to 90 days	267	273	1	7
More than 90 days	1,254	586	108	263
	3,490	4,455	111	272

* Less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

12 TRADE RECEIVABLES (CONT'D)

Trade receivables that are impaired

Trade receivables that are individually determined to be impaired at the financial year end relate to debtors that are in significant financial difficulties and have defaulted on payments. These trade receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade receivables – nominal amounts	–	97	3,719	3,462
Less: Allowance for impairment	–	(52)	(3,538)	(3,443)
	–	45	181	19

Movement in the allowance account:

	Group			
	Collectively impaired		Individually impaired	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
At the beginning of the year	52	230	3,443	3,741
Charge for the year	2	48	27	56
Arising from disposal of subsidiaries	–	(198)	–	(290)
Write-back	(89)	(35)	(171)	(358)
Write-off	35	–	–	127
Exchange differences	–	7	239	167
At the end of the year	–	52	3,538	3,443

	Company	
	Individually impaired	
	2016 S$'000	2015 S$'000
Trade receivables – nominal amounts	1,074	1,055
Less: Allowance for impairment	(965)	(964)
	109	91
Movement in the allowance account:		
At the beginning of the year	964	905
Write-back	(20)	(2)
Exchange differences	21	61
At the end of the year	965	964

During the financial year, the Group and the Company wrote back an allowance of S$260,000 (2015: S$393,000) and S$20,000 (2015: S$2,000) respectively upon the collection of debts that were previously provided for.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

12 TRADE RECEIVABLES (CONT'D)

Receivables pledged as collateral

The Group has pledged trade receivables with a carrying amount of S$259,000 (2015: S$310,000) as collateral to secure a subsidiary's bank loans (Note 29).

Lease receivables

The Group had finance lease arrangements with customers for the sale of computer hardware and peripheral equipment in the prior financial year. The discount rate implicit to the lease was 9.72% per annum.

Future minimum lease payment receivable under finance leases together with the present value of the net minimum lease payment receivables are as follows:

	2015 S$'000	
	Minimum lease payments	Present value of minimum lease payments
Group		
Not later than one year	54	53
Later than one year but not later than five years	–	–
Total minimum lease payments	54	53
Less: Amounts representing finance incomes	(1)	–
Present value of minimum lease payments	53	53

13 OTHER RECEIVABLES, DEPOSITS AND TAX RECOVERABLE

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Other receivables and deposits				
Current				
Other receivables				
– Third parties	5,626	6,100	1,734	2,261
– Related parties	907	867	907	867
	6,533	6,967	2,641	3,128
Less: Allowance for impairment	(1,635)	(1,446)	(811)	(809)
	4,898	5,521	1,830	2,319
Deposits	696	339	359	174
Interest receivable	336	432	91	156
	5,930	6,292	2,280	2,649
Non-current				
Other receivables	171	860	–	687
Total other receivables and deposits	6,101	7,152	2,280	3,336
Tax recoverable				
Current	686	1,064	–	–

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13 OTHER RECEIVABLES, DEPOSITS AND TAX RECOVERABLE (CONT'D)

Other receivables mainly relate to the deferred sales proceeds to be received for the disposal of subsidiaries, value-added tax receivables and accrued performance bonuses for the distribution of operator products and services.

Other receivables that are impaired

Allowances for impairment losses are recognised against other receivables based on management's estimation of irrecoverable amounts.

The Group's other receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Other receivables – nominal amounts	1,635	1,446	811	809
Less: Allowance for impairment	(1,635)	(1,446)	(811)	(809)
	–	–	–	–

Movement in the allowance account:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
At the beginning of the year	1,446	1,718	809	775
Charge for the year	190	244	–	(19)
Exchange differences	13	*	16	53
Write-back	(14)	(286)	(14)	–
Disposal of a subsidiary	–	(230)	–	–
At the end of the year	1,635	1,446	811	809

* Less than S$1,000

14 PREPAYMENTS

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Current				
Other prepaid expenses	1,897	1,481	26	153
Prepaid selling expenses	1,104	562	–	–
	3,001	2,043	26	153
Non-current				
Other prepaid expenses	201	166	–	–
Total prepayments	3,202	2,209	26	153

Total prepaid selling expenses mainly relate to advance payments to vendors by subsidiaries and prepaid rental for offices and shops.

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15 DUE FROM/(TO) SUBSIDIARIES

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of S$22,460,000 (2015: S$22,144,000).

The net amounts due from/(to) subsidiaries are trade payable of S$3,968,000 (2015: S$4,688,000) and non-trade payable of S$963,000 (2015: S$2,839,000) in nature, repayable on demand, unsecured, interest-free and to be settled in cash.

Movement in the allowance account:

	Company	
	2016 S$'000	2015 S$'000
At the beginning of the year	22,144	20,409
Charge for the year	417	610
Write-back	(617)	(263)
Exchange differences	516	1,388
At the end of the year	22,460	22,144

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Fixed deposits	22,548	35,760	14,785	27,362
Cash and bank balances	9,332	8,581	1,195	1,336
	31,880	44,341	15,980	28,698
Less: Cash and bank deposits pledged	(4,538)	(11,539)	–	(4,878)
Cash and cash equivalents per statement of cash flows	27,342	32,802	15,980	23,820

Fixed deposits with financial institutions mature in varying periods from the financial year end. Fixed deposits earn interest at the effective interest rates ranging from 0.20% to 10% (2015: 0.20% to 9.25%) per annum.

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0.05% to 2.75% (2015: 0.12% to 2.15%) per annum except for an amount of S$25,000 (2015: S$34,000) which is non-interest bearing.

Fixed deposits of S$4,538,000 (2015: S$11,539,000) are pledged as security for trust receipts, bank guarantees, standby letters of credit and other bank services.

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17 PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles S$'000	Leasehold improvements S$'000	Buildings S$'000	Work in Progress S$'000	Total S$'000
Group								
2016								
Cost								
At 1 January	1,696	18,414	779	804	669	5,056	–	27,418
Additions	20	59	59	180	180	–	1,338	1,836
Revaluation gain (Note 32(b))	–	–	–	–	–	2,158	–	2,158
Reclassified to Investment Properties (Note 18)	–	–	–	–	–	(2,434)	–	(2,434)
Disposals/write-offs	(1)	(47)	(13)	(463)	(69)	(1,085)	–	(1,678)
Translation differences	80	145	15	2	28	208	1	479
Revaluation adjustments	–	–	–	–	–	(1,258)	–	(1,258)
Adjustments	–	75	4	–	(4)	–	–	75
At 31 December	1,795	18,646	844	523	804	2,645	1,339	26,596
Accumulated depreciation								
At 1 January	1,634	17,727	670	409	464	1,258	–	22,162
Depreciation charge for the year	24	284	55	24	176	331	–	894
Disposals/write-offs	–	(42)	(4)	(213)	(69)	(19)	–	(347)
Translation differences	77	131	(1)	3	12	50	–	272
Revaluation adjustments	–	–	–	–	–	(1,258)	–	(1,258)
Adjustments	–	68	3	–	4	–	–	75
At 31 December	1,735	18,168	723	223	587	362	–	21,798
Net carrying amount								
At 31 December	60	478	121	300	217	2,283	1,339	4,798
2015								
Cost								
At 1 January	1,643	20,155	1,093	604	1,127	4,851	–	29,473
Additions	73	210	103	92	141	–	–	619
Disposal of subsidiaries	(531)	(1,818)	(260)	(1)	(77)	–	–	(2,687)
Disposals/write-offs	(596)	(1,486)	(590)	(186)	(372)	–	–	(3,230)
Translation differences	(169)	464	(86)	6	(44)	(194)	–	(23)
Adjustments	1,276	889	519	289	(106)	399	–	3,266
At 31 December	1,696	18,414	779	804	669	5,056	–	27,418
Accumulated depreciation								
At 1 January	1,401	18,863	921	134	887	647	–	22,853
Depreciation charge for the year	166	383	227	84	196	253	–	1,309
Disposal of subsidiaries	(531)	(1,338)	(260)	(1)	(69)	–	–	(2,199)
Disposals/write-offs	(563)	(1,403)	(544)	(98)	(363)	–	–	(2,971)
Translation differences	(163)	298	(169)	1	(25)	(38)	–	(96)
Adjustments	1,324	924	495	289	(162)	396	–	3,266
At 31 December	1,634	17,727	670	409	464	1,258	–	22,162
Net carrying amount								
At 31 December	62	687	109	395	205	3,798	–	5,256

NOTES TO THE FINANCIAL STATEMENTS

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17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Work in Progress

Work in Progress assets amounting to S$1,339,000 (2015: Nil) comprises of battery electric vehicles and other miscellaneous tools and parts that are not capable of being used during the current financial year.

Assets held under finance lease

The carrying amount of property, plant and equipment held under finance leases as at 31 December 2016 was S$286,000 (2015: S$682,000) and Nil (2015: S$208,000) for the Group and the Company respectively. The leased assets have been pledged as security for the related finance liability.

Impairment of assets

There is no impairment loss recognised in the current financial year (2015: Nil).

Buildings at fair value

The fair value of the Group's buildings as at 31 December 2016 has been arrived at on the basis of a valuation carried out by KJPP Felix Sutandar & Rekan, an independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

Details of the Group's buildings and information about the fair value hierarchy (Note 40) are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Office buildings – Indonesia	–	2,283	–	2,283

Level 2 fair value of the Group's buildings have been derived using the market data approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square meter and the usage of the property.

Had the buildings been measured at cost less accumulated depreciation, the carrying amount would have been as follows:

	Group	
	2016 S$'000	2015 S$'000
Buildings		
– Cost	2,006	–
– Accumulated depreciation and impairment	(601)	–
– Net Carrying amount	1,405	–

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31 DECEMBER 2016

17 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles S$'000	Leasehold improvements S$'000	Total S$'000
Company						
2016						
Cost						
At 1 January	–	4,928	191	367	–	5,486
Additions	–	14	1	–	–	15
Disposals	–	–	–	(357)	–	(357)
Translation differences	–	115	4	(10)	–	109
At 31 December	–	5,057	196	–	–	5,253
Accumulated depreciation						
At 1 January	–	4,880	190	160	–	5,230
Depreciation charge for the year	–	40	1	25	–	66
Disposals	–	–	–	(181)	–	(181)
Translation differences	–	116	4	(4)	–	116
At 31 December	–	5,036	195	–	–	5,231
Net carrying amount						
At 31 December	–	21	1	–	–	22
2015						
Cost						
At 1 January	42	4,617	179	344	71	5,253
Additions	–	3	–	–	–	3
Disposals	(42)	(4)	–	–	(71)	(117)
Translation differences	–	312	12	23	–	347
At 31 December	–	4,928	191	367	–	5,486
Accumulated depreciation						
At 1 January	26	4,522	176	113	55	4,892
Depreciation charge for the year	7	54	2	38	8	109
Disposals	(33)	–	–	–	(63)	(96)
Reclassifications	–	(5)	–	–	–	(5)
Translation differences	–	309	12	9	–	330
At 31 December	–	4,880	190	160	–	5,230
Net carrying amount						
At 31 December	–	48	1	207	–	256

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18 INVESTMENT PROPERTIES

	Group 2016 S$'000	Group 2015 S$'000
At fair value		
Balance at beginning of year	–	–
Transferred from property, plant and equipment (Note 17)	2,434	–
Balance at end of year	2,434	–

The fair value of the Group's investment properties as at 31 December 2016 has been arrived at on the basis of a valuation carried out by KJPP Felix Sutandar & Rekan, an independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Commercial property – Indonesia	–	2,434	–	2,434

Level 2 fair value of the Group's investment properties have been derived using the market data approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is the selling price per square meter and the usage of the property.

Investment properties are held mainly for use by tenants under operating leases. The following amounts are recognised in the Group's income statement:

	Group 2016 S$'000	Group 2015 S$'000
Rental income	139	–
Direct operating expenses arising from investment properties that generated rental income	114	–

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19 INTANGIBLE ASSETS

	Goodwill S$'000	Licensing, patents and trademarks S$'000	Customer contracts S$'000	Order backlog S$'000	Customer relationship S$'000	Marketing rights S$'000	Deferred development costs S$'000	Total S$'000
Group								
2016								
Cost								
At 1 January	132,045	26,375	53	631	53,420	1,131	3,787	217,442
Additions	–	80	–	–	–	–	–	80
Translation differences	–	82	–	–	–	–	95	177
At 31 December	132,045	26,537	53	631	53,420	1,131	3,882	217,699
Accumulated amortisation and impairment								
At 1 January	132,045	26,333	53	631	53,420	1,131	3,787	217,400
Amortised during the year	–	119	–	–	–	–	–	119
Adjustments	–	4	–	–	–	–	(4)	–
Translation differences	–	78	–	–	–	–	99	177
At 31 December	132,045	26,534	53	631	53,420	1,131	3,882	217,696
Net carrying amount								
At 31 December	–	3	–	–	–	–	–	3
2015								
Cost								
At 1 January	137,296	28,579	2,279	631	57,624	5,086	3,543	235,038
Additions	–	3	–	–	–	–	–	3
Disposal of subsidiaries	(5,251)	(282)	(2,226)	–	–	–	(86)	(7,845)
Disposals	–	(551)	–	–	–	–	–	(551)
Adjustments	–	(1,498)	–	–	(4,204)	(3,955)	94	(9,563)
Translation differences	–	124	–	–	–	–	236	360
At 31 December	132,045	26,375	53	631	53,420	1,131	3,787	217,442
Accumulated amortisation and impairment								
At 1 January	137,296	28,338	2,279	631	57,624	5,086	3,539	234,793
Amortised during the year	–	184	–	–	–	–	–	184
Reversal of impairment during the year	–	(82)	–	–	–	–	4	(78)
Disposal of subsidiaries	(5,251)	(177)	(2,226)	–	–	–	(86)	(7,740)
Disposals	–	(551)	–	–	–	–	–	(551)
Adjustments	–	(1,498)	–	–	(4,204)	(3,955)	94	(9,563)
Translation differences	–	119	–	–	–	–	236	355
At 31 December	132,045	26,333	53	631	53,420	1,131	3,787	217,400
Net carrying amount								
At 31 December	–	42	–	–	–	–	–	42

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19 INTANGIBLE ASSETS (CONT'D)

The Group has fully impaired the goodwill and intangible assets, except for S$3,000 (2015: S$42,000) relating to licensing.

The remaining amortisation periods as at 31 December 2016 is 1 to 3 years for licensing, patents and trademarks.

	Licensing, patents and trademarks S$'000	Deferred development costs S$'000	Total S$'000
Company			
2016			
Cost			
At 1 January	2,463	3,787	6,250
Translation differences	57	(85)	(28)
At 31 December	2,520	3,702	6,222
Accumulated amortisation and impairment			
At 1 January	2,424	3,787	6,211
Amortised during the year	35	–	35
Translation differences	58	(85)	(27)
At 31 December	2,517	3,702	6,219
Net carrying amount			
At 31 December	3	–	3
2015			
Cost			
At 1 January	2,306	3,546	5,852
Translation differences	157	241	398
At 31 December	2,463	3,787	6,250
Accumulated amortisation and impairment			
At 1 January	2,228	3,543	5,771
Amortised during the year	125	–	125
(Reversal of impairment)/impairment during the year	(82)	4	(78)
Translation differences	153	240	393
At 31 December	2,424	3,787	6,211
Net carrying amount			
At 31 December	39	–	39

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20 INVESTMENT IN SUBSIDIARIES

	Company 2016 S$'000	Company 2015 S$'000
Unquoted equity shares, at cost		
Beginning of the year	269,273	284,503
Disposal	–	(15,230)
Capitalisation of long-term loans	44,799	–
End of the year	314,072	269,273
Less: Allowance for impairment	(289,005)	(263,361)
	25,067	5,912

Movement in the allowance account:

	Company 2016 S$'000	Company 2015 S$'000
At the beginning of the year	263,361	275,970
Charge for the year	1,358	2,217
Write-back	(10,895)	–
Disposal of subsidiaries	–	(15,230)
Capitalisation of long-term loans (Note 24)	35,322	–
Exchange differences	(141)	404
At the end of the year	289,005	263,361

The details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2016 %	Percentage of equity interest held by the Group 2015 %
Held by the Company				
MediaRing.com, Inc[b]	To market and sell telecommunication services	USA	100	100
S Dreams Pte Ltd (formerly known as Mellon Technology Pte Ltd)[c]	Passenger land transport, motor vehicles dealership and retail of spare parts and accessories for vehicles	Singapore	100	100
MediaRing (Europe) Limited[e]	Dormant	United Kingdom	100	100
Alpha One Limited[g]	To market and sell telecommunication services	Hong Kong	100	100

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20 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2016 %	2015 %
Held by the Company (Cont'd)				
Cavu Corp Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Bharat IT Services Limited[a]	To supply, rent, maintain and service computer hardware	India	100	100
Spice-CSL Pte Ltd[c]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Singapore	100	100
Spice International Sdn. Bhd.[a]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Malaysia	100	–
Newtel Corporation Company Limited[h]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100
Maxworld Asia Limited[b]	Investment holding	British Virgin Islands	100	100
Bigstar Development Limited[b]	Investment holding	British Virgin Islands	100	100
Affinity Capital Pte. Ltd[c]	Investment holding and distributor of handphone	Singapore	100	100
PT. Selular Media Infotama[a]	Retail and distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	99.98	–
CSL Multimedia Sdn. Bhd[a]	Trading of portable computers and computer accessories	Malaysia	100	100
CSL Mobile Care Sdn Bhd[a]	Repairing and maintenance of mobile phones	Malaysia	100	100
Mobile Service International Co. Ltd (China)[f]	Technical advice and services and supply chain management services	People's Republic of China	51	51
CSL Communication (Shenzhen) Co. Ltd (China)[f]	Trading of mobile handsets	People's Republic of China	51	51

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20 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2016 %	2015 %
Held by subsidiaries				
Held by Alpha One Limited				
MediaRing.com (Shanghai) Limited[d]	To market and sell telecommunication services	People's Republic of China	100	100
Held by Cavu Corp Pte Ltd				
Peremex Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Centia Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100
Peremex Sdn Bhd[a]	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	100	100
Delteq Pte Ltd[c]	To provide systems integration service related to computer equipment and peripherals, storage systems and networking products	Singapore	100	100
Held by Peremex Pte Ltd				
Peremex Computer Systems Private Limited[i][j]	To supply, rent, maintain and service computer hardware and peripheral equipment	India	100	100
Held by Centia Pte Ltd				
Centia Technologies Sdn Bhd[a]	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	100	100
Held by Delteq Pte Ltd				
Delteq Systems Pte Ltd[c]	To provide internet infrastructure, e-business applications consulting, project management and systems support services	Singapore	100	100
Delteq Systems (M) Sdn Bhd[a]	To market computer software and render computer related services	Malaysia	100	100

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20 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2016 %	2015 %
Held by subsidiaries (Cont'd)				
Held by Delteq Systems (M) Sdn Bhd				
Delteq (M) Sdn Bhd[a]	To market computer hardware and software and render computer related services	Malaysia	100	100
Held by Spice-CSL Pte Ltd				
Spice International Sdn. Bhd.[a]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Malaysia	–	100
Held by Newtel Corporation Company Limited				
T.H.C. International Co., Ltd[h]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100
Held by Affinity Capital Pte Ltd				
PT. Selular Global Net[a]	Distributor of prepaid phone cards and top up vouchers	Indonesia	99.99	99.99
Held by PT. Selular Global Net				
PT. Selular Media Infotama[a]	Distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	–	99.98
Held by PT. Selular Media Infotama				
PT. Metrotech Jaya Komunika Indonesia[a]	Distributor of telecommunication equipment	Indonesia	99.78	99.78
PT Technomas Internusa[a][k]	Distributor of prepaid phone cards and top up vouchers	Indonesia	–	–
Held by PT. Metrotech Jaya Komunika				
PT. Metrotech Makmur Sejahtera[a]	Distributor of telecommunication equipment	Indonesia	49	49

(a) Audited by a member firm of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member.
(b) Not required to be audited by the laws of its country of incorporation
(c) Audited by Moore Stephens LLP, Singapore
(d) Audited by Shanghai Yunhao Certified Public Accountants Co. Ltd.
(e) Audited by Blick Rothenberg Chartered Accountants, United Kingdom
(f) Audited by Shenzhen Long De CPA
(g) Audited by F.L. Chim & Co. Hong Kong
(h) Audited by Penn & W Audit Co. Ltd.
(i) Audited by Rishi Jain & Co, CA, Bangalore
(j) The Group deferred the liquidation of Peremex Computer Systems Private Limited during the financial year.
(k) Refer to Note 3(b) for the assessment of control over PT Technomas Internusa

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20 INVESTMENT IN SUBSIDIARIES (CONT'D)

Impairment testing of investment in subsidiaries

During the current financial year, the management performed an impairment test for Cavu Corp Pte Limited, CSL Communication (Shenzhen) Co. Limited and Mobile Services International Co. Limited (2015: Affinity Capital Pte Limited, Cavu Corp Pte Limited, CSL Communication (Shenzhen) Co. Limited and Mobile Services International Co. Limited). In light of losses incurred and to the extent, the carrying amount of the investment exceeded the recoverable amount, an impairment loss of S$1,358,000 (2015: S$2,217,000) was recognised for the financial year ended 31 December 2016. During the current financial year, the Company has written back impairment losses of S$10,895,000 based on the recoverable amount of a subsidiary. The recoverable amounts of these investments has been determined based on management's estimation of the fair value of the subsidiaries' assets and liabilities as at the financial year end. The measurement was categorised as a Level 3 fair value, as defined in Note 40 to the financial statements. The significant assumptions used refer to the fair value of the subsidiaries' investment properties and property, plant and equipment (Note 17 and 18).

Disposal of subsidiaries

On 30 December 2015, the Group disposed its investment in Mediaring Communications Pte Ltd ("MRC"), Mediaring Network Services Pte Ltd ("MRNS") and I-Gate Holdings Sdn Bhd ("IGH").

The major classes of assets and liabilities disposed of, the gain on disposal and the net cash flows are as follows:

	MRC and MRNS S$'000	IGH S$'000	Total S$'000
Present value of the consideration	2,905	25	2,930
Inventories	–	68	68
Trade receivables, current	764	38	802
Other receivables and deposits, current	140	188	328
Cash and cash equivalents	399	71	470
Property, plant and equipment	479	9	488
Intangible assets	103	2	105
Trade creditors	(352)	(20)	(372)
Other creditors and accruals, current	(427)	(333)	(760)
Net assets disposed of	1,106	23	1,129
	1,799	2	1,801
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of the subsidiary	-	1,677	1,677
Gain on disposal	1,799	1,679	3,478

The consideration of S$3,000,000 for the disposal of MRC and MRNS had been discounted at 5.35% as this amount was payable in 4 instalments over 1.5 years.

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20 INVESTMENT IN SUBSIDIARIES (CONT'D)

Disposal of subsidiaries (Cont'd)

	MRC and MRNS S$'000	IGH S$'000	Total S$'000
Total consideration	3,000	25	3,025
Deferred sales proceed receivable after the year end	(2,100)	–	(2,100)
Consideration received in cash and cash equivalent	900	25	925
Less: cash and cash equivalents balances disposed of	(399)	(71)	(470)
Aggregate cash inflow/(outflow) arising from disposal of subsidiaries	501	(46)	455

21 INVESTMENT IN ASSOCIATE

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Unquoted shares, at cost	68	67	68	67
Share of post-acquisition reserves	(68)	(67)	(68)	(67)
Carrying amount of investments	–	–	–	–

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2016 %	2015 %
Held by the Company				
Vipafone (Proprietary) Limited[a]	To market and sell telecommunication services	South Africa	40.0	40.0

(a) Not required to be audited by the laws of its country of incorporation

Unrecognised share of losses of associate

The Group has not recognised losses relating to Vipafone (Proprietary) Limited where its share of losses exceed the Group's interest in this associate as the Group has no obligation in respect of this losses. Based on the information available to the Group, the Group's cumulative unrecognised losses in Vipafone (Proprietary) Limited is not material.

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22 INVESTMENT SECURITIES

	Group and Company 2016 S$'000	2015 S$'000
Non-current		
Available-for-sale financial assets		
– Quoted equity investment	231	137
Current		
Designated at fair value through profit or loss		
– Hybrid instrument	–	1,687
Total investment in securities	231	1,824

The hybrid instrument relates to a 7 years term loan which was initially scheduled to be fully repaid on 30 April 2015. It is interest-free for the first 5 years, and bears interest at 5% per annum for the sixth and seventh year.

On 24 September 2014, the parties to the loan agreement had agreed to reschedule the loan such that S$2,000,000 of the loan balance was to be repaid in cash to the Company in three tranches and S$3,500,000 and the accrued interest shall constitute a convertible loan facility, with a maturity date on 23 September 2016, granted by the Company to the borrower.

The loan was due for conversion on 23 September 2016, subject to certain conditions as per the deed of addendum ("Deed"). However, the borrower, unilaterally, converted the loan into shares without complying with the conditions of the Deed. The Company has disputed the validity and propriety of the aforesaid conversion. Accordingly, management has assessed that the loan is now payable in cash and on demand and have classified it as loan receivable in Note 23 below.

23 LOAN RECEIVABLE

	Group and Company 2016 S$'000	2015 S$'000
Third party (Note 22)	1,838	–
Less: Allowance for impairment	(1,838)	–
	–	–

During the current financial year, the Group recognised an impairment loss of S$1,838,000 (2015: Nil) after taking into consideration the probability of default or significant delay in repayment by the debtor.

Movement in the allowance account:

	Group and Company 2016 S$'000	2015 S$'000
At the beginning of the year	–	–
Charge for the year	1,838	–
At the end of the year	1,838	–

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24 LONG-TERM LOANS AND ADVANCES TO SUBSIDIARIES

	Company	
	2016 S$'000	2015 S$'000
Long-term loans and advances treated as part of net investment in subsidiaries	52,222	51,350
Long-term loans to subsidiaries	43,998	96,701
Less: Allowance for impairment	(95,178)	(131,600)
	1,042	16,451

Long-term loans and advances treated as part of the net investment in subsidiaries are quasi-equity in nature, unsecured, interest-free and have no fixed terms of repayment.

Long-term loans to subsidiaries are unsecured, interest-bearing at 5% (2015: 5% to 6%) per annum and have fixed repayment terms of 7 years (2015: 7 years).

Movement in the allowance account:

	Company	
	2016 S$'000	2015 S$'000
At the beginning of the year	131,600	136,991
Charge for the year	511	2,722
Write-back for the year	(3,721)	(6,411)
Capitalised as investment cost (Note 20)	(35,322)	–
Exchange differences	2,110	(1,702)
At the end of the year	95,178	131,600

25 DEFERRED INCOME TAX

		Group	
	Provisions S$'000	Revaluation gain on property, plant and equipment S$'000	Total S$'000
Deferred tax assets/(liabilities)			
At 1 January 2016	233	–	233
Charged to the income statement (Note 8)	(109)	–	(109)
Charged to other comprehensive income:			
– Revaluation on property, plant and equipment (Note 32(b))	–	(86)	(86)
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 31)	–	16	16
Exchange differences	46	–	46
At 31 December 2016	170	(70)	100
At 1 January 2015	108	–	108
Credited to the income statement (Note 8)	117	–	117
Exchange differences	8	–	8
At 31 December 2015	233	–	233

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26 TRADE CREDITORS

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade creditors	6,984	8,112	157	1,201
Add:				
Other creditors and accruals (excluding employee benefit obligation) (Note 27)	7,036	10,043	1,624	2,623
Lease obligations (Note 28)	18	481	–	196
Loans and bank borrowings (Note 29)	2,527	3,829	–	–
Due to subsidiaries (Note 15)	–	–	6,957	7,685
Total financial liabilities carried at amortised cost	16,565	22,465	8,738	11,705

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

27 OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Amounts due to related parties	191	607	31	30
Other creditors	1,624	2,498	519	889
Employee benefit obligation (Note 34)	72	62	–	–
Accrued operating expenses	4,943	6,158	1,009	1,643
Deposits received	278	780	65	61
	7,108	10,105	1,624	2,623

Amounts due to related parties are non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

As at 31 December 2016, the Group and Company's total accrued operating expenses include an amount of S$1,120,000 (2015: S$846,000) and S$31,000 (2015: S$439,000) trade accruals as well as S$3,823,000 (2015: S$5,312,000) and S$978,000 (2015: S$1,204,000) of sundry accruals respectively. These accruals are non-interest bearing and are to be settled within the next twelve months.

Sundry accruals mainly relate to accruals for payroll expenses, professional fees and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

28 LEASE OBLIGATIONS

The Group has finance leases for computer equipment and motor vehicles. The leases have terms of renewal at the option of the Group. There are no escalation clauses and no restrictions placed upon the Group by entering into these leases. An obligation by a subsidiary is secured by a charge over the leased assets (Note 17). The average discount rate implicit to the leases is 9% (2015: 7.43%) per annum.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	2016		2015	
	S$'000 Minimum lease payments	S$'000 Present value of minimum lease payments	S$'000 Minimum lease payments	S$'000 Present value of minimum lease payments
Group				
Not later than one year	18	18	304	289
Later than one year but not later than five years	–	–	189	176
Later than five years	–	–	17	16
Total minimum lease payments	18	18	510	481
Less: Amounts representing finance charges	*	–	(29)	–
Present value of minimum lease payments	18	18	481	481

* Less than S$1,000

	2016		2015	
	S$'000 Minimum lease payments	S$'000 Present value of minimum lease payments	S$'000 Minimum lease payments	S$'000 Present value of minimum lease payments
Company				
Not later than one year	–	–	35	29
Later than one year but not later than five years	–	–	164	151
Later than five years	–	–	16	16
Total minimum lease payments	–	–	215	196
Less: Amounts representing finance charges	–	–	(19)	–
Present value of minimum lease payments	–	–	196	196

29 LOANS AND BANK BORROWINGS

	Group	
	2016 S$'000	2015 S$'000
Loans and bank borrowings	2,527	3,829

The loans of the Group bear interest at rates ranging from 3% to 11% (2015: 3% to 11%) per annum and are repayable within the next 12 months.

Loans amounting to S$2,527,000 (2015: S$2,663,000) are secured over a subsidiary's trade receivables (Note 12) and inventories (Note 11). Repayment of these loans is due on demand.

In the previous financial year, one of the subsidiaries of the Group breached some of the loan covenants for one bank where this subsidiary did not fulfill the requirements to maintain a current ratio of 1.0 and interest coverage ratio of 2.0 for a credit line of S$5,125,000 required by the bank. During the current financial year, this subsidiary has a credit line of S$5,385,000 where the current ratio requirement no longer exists.

NOTES TO THE FINANCIAL STATEMENTS

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30 SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares '000	Share Capital S$'000	Number of shares '000	Share Capital S$'000
Fully paid ordinary shares				
At the beginning of the year	13,712	590,515	5,484,981	590,515
Share consolidation	–	–	(5,471,269)	–
Capital reduction	–	(9,997)	–	–
At the end of the year	13,712	580,518	13,712	590,515

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

During the previous financial year, the number of ordinary shares decreased as a result of a 400:1 share consolidation.

On 30 June 2016, Company completed the reduction of the issued and paid-up share capital by cash distribution to the shareholders in the sum of S$0.729 for each fully paid-up ordinary share in the capital of the Company.

31 ACCUMULATED LOSSES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
At the beginning of the year	(458,390)	(459,350)	(482,029)	(486,761)
Profit for the year	462	960	3,006	4,732
Transferred from revaluation reserve (Note 32(b))	396	–	–	–
Transferred from deferred tax liability (Note 25)	16	–	–	–
At the end of the year	(457,516)	(458,390)	(479,023)	(482,029)

32 OTHER RESERVES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Reserve on acquisition of non-controlling interest	3,389	3,389	–	–
Revaluation reserve	1,676	–	–	–
Fair value adjustment reserve	128	35	128	35
Employee share-based payment reserve	253	253	253	253
Share issue costs	(9,038)	(9,038)	(9,038)	(9,038)
Total other reserves	(3,592)	(5,361)	(8,657)	(8,750)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

32 OTHER RESERVES (CONT'D)

(a) Reserve on acquisition of non-controlling interest

The reserve on acquisition of non-controlling interest relates to the excess of the net recognised amount of the identifiable assets acquired and liabilities assumed over the fair value of the consideration on the acquisition of a non-controlling interest.

	Group	
	2016 S$'000	2015 S$'000
At the beginning and end of the year	3,389	3,389

(b) Revaluation reserve

The revaluation reserve arises on the revaluation of property, plant and equipment

	Group	
	2016 S$'000	2015 S$'000
At the beginning of the year	–	–
Increase arising on revaluation of property, plant and equipment (Note 17)	2,158	–
Deferred tax liability arising on revaluation (Note 25)	(86)	–
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 31)	(396)	–
At the end of the year	1,676	–

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired.

	Group and Company	
	2016 S$'000	2015 S$'000
At the beginning of the year	35	119
Net change in the reserve	93	(84)
At the end of the year	128	35
Net change in the reserve arises from:		
– fair value gain/(loss) on quoted equity investment	93	(84)
	93	(84)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

32 OTHER RESERVES (CONT'D)

(d) Employee share-based payment reserve

Employee share-based payment reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the period in which the performance and/or service conditions are fulfilled.

The Company has one employee share option plan (Note 34(a)(iv)) under which once granted the Directors and employees of the Group will have the option to subscribe for the Company's ordinary shares. There were no additional options granted during the year under this scheme.

	Group and Company	
	2016 S$'000	2015 S$'000
At the beginning and end of the year	253	253

(e) Share issue cost

Share issue cost represents cumulative expenses incurred for the issuance of shares being capitalised.

	Group and Company	
	2016 S$'000	2015 S$'000
At the beginning and end of the year	(9,038)	(9,038)

33 TRANSLATION RESERVE

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
At the beginning of the year	(68,864)	(67,521)	(54,489)	(56,504)
Exchange differences arising on translating the net assets of foreign operations	1,031	334	(297)	2,015
Gain reclassified to profit or loss on disposal of foreign operations	–	(1,677)	–	–
At the end of the year	(67,833)	(68,864)	(54,786)	(54,489)

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34 EMPLOYEE BENEFITS

(a) Employee share incentive plan

The Company has employee share incentive plans for the granting of non-transferable options to employees.

The particulars of share options of the Company are as follows:

(i) 1999 S i2i Employees' Share Option Scheme

This scheme had lapsed in the year 2009 and had since been discontinued. The last outstanding option under this scheme lapsed in April 2016. There are no outstanding options under this scheme.

(ii) 1999 S i2i Employees' Share Option Scheme II

This scheme had lapsed in year 2009 and had since been discontinued. There are no outstanding options under this scheme.

(iii) S i2i Restricted Share Plan and S i2i Performance Share Plan

The S i2i RSP and S i2i PSP had lapsed in April 2016 and had since been discontinued. There are no outstanding restricted share awards or restricted share awards pending under these schemes.

(iv) S i2i Employee Stock Option Plan 2014 ("ESOP 2014")

The ESOP 2014 was approved by the shareholders in their meeting held on 15 April 2014 with an objective to gradually phase out the S i2i 1999 Employee' Share Option Scheme and the 1999 S i2i Employees' Share Option Scheme II as no new options can be granted under these Schemes. Pursuant to ESOP 2014, the Remuneration Committee ("RC") has the authority to grant options to present and future employees of the Group as well as to other persons who are eligible under ESOP 2014 at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the RC, which shall not exceed 20% of the then prevailing market price.

ESOP 2014 will be administered by the RC who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

On 27 March 2015, a total of 274,200,000 stock options were granted to the Directors under the ESOP 2014. The options granted at an exercise price of S$0.0024 will be vested after 2 years from the date of the grant. The options can be exercised up to 10 years from the date of the grant.

Aggregate options of 274,200,000 were granted under this Scheme since the commencement of the Scheme and it was adjusted in prior year to 685,500 due to share consolidation. The options granted during the financial year under this Scheme were Nil (2015: 685,500). As at the end of the financial year, all options granted had lapsed.

The share options granted to one Executive Director and Group CEO was voluntarily forfeited in view of the restatement of the Executive Director and Group CEO's salary, commencing from 1 January 2016. The remaining two Directors resigned as Directors of the Company in 2016 and as a result, the options granted to them have lapsed.

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34 EMPLOYEE BENEFITS (CONT'D)

(b) Post-Employment Defined Benefit Plans

The Group has several defined benefit plans covering eligible employees of the subsidiaries.

The estimated employee benefits liability recognised in the statement of financial position are as follows:

	Group	
	2016 S$'000	2015 S$'000
Current portion (Note 27)	72	62
Non-current portion	995	786
	1,067	848

The employee benefits expenses recognised in the income statement are as follows:

	Group	
	2016 S$'000	2015 S$'000
Current service costs	124	(242)
Interest costs	73	76
Gains on curtailments and settlements	(8)	(12)
Employee benefit expense for leave encashment	46	52
Net employee benefits expense/(credit)	235	(126)

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2016 S$'000	2015 S$'000
Benefit obligation at the beginning of the year	848	1,217
Retirement benefit expenses/(credit) recognised in the income statement	235	(126)
Benefits paid	(18)	(83)
Translation difference	2	(160)
Benefit obligation at the end of the year	1,067	848

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34 EMPLOYEE BENEFITS (CONT'D)

(b) Post-Employment Defined Benefit Plans (Cont'd)

The principal assumptions used by independent actuaries in determining the post-employment obligations for certain subsidiaries' plans are as follows:

Annual discount rate	:	7.25 – 8.5%
Annual salary increment rate	:	5 – 5.5%
Annual employee turnover rate	:	0 – 2%
Mortality rate reference	:	IALM[1] 2006-2008 Ultimate and 100% TMI3[2]
Disability rate	:	0 – 5% TMI3[2]
Retirement age	:	55 – 58 years

1 Indian Assured Lives Mortality
2 Tabel Mortalita Indonesia 3

35 RELATED PARTY TRANSACTIONS

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties.

(a) Sale and purchase of goods and services and others

	Group	
	2016 S$'000	2015 S$'000
Management income from an entity owned by a significant shareholder	21	693
Sale of goods to entities owned by a significant shareholder	21	39
Sale of goods to companies related to a director	–	1
Rental of office space from a company owned by a significant shareholder	(1,387)	(696)
Payment on behalf of a company related to director	5	–
Rental income from a company related to a significant shareholder	2	–
Write-back of amount due to a related party	938	–

During the current financial year, the Group rendered support services for procurement of mobility products of S$21,000 (2015: S$693,000) to Spice Retail Limited, a company owned by a significant shareholder.

The Group sold goods of S$21,000 (2015: S$39,000) to Spice Retail Limited.

The Company entered into a contract with Smart Innovation Global Pte. Ltd. (formerly known as Armorcoat Technologies Pte. Ltd.), a firm owned by a significant shareholder, for the rental of an office space for an amount of S$1,387,000 (2015: S$696,000).

During the current financial year, the Company made payment of approximately S$5,000 on behalf of Smart EV Pte Ltd, a company in which one of the directors of the Company is also a director.

During the current financial year, one of the subsidiaries of the Company earned rental income of approximately S$2,000 from a company which is owned by a significant shareholder.

During the current financial year, the Group wrote-back an amount due to a related party, which is owned by a significant shareholder, of S$938,000.

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35 RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel

	Group	
	2016 S$'000	2015 S$'000
Short-term employee benefits	1,244	534
Central Provident Funds contributions	55	98
Total compensation paid to key management personnel	1,299	632
Comprise amounts paid to:		
Directors of the Company	158	16
Other key management personnel	1,141	616
	1,299	632

36 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

Continuing financial support

The Company has undertaken to provide continuing financial support to its subsidiaries. The Company will also, when required, provide sufficient working capital to enable them to operate as going concern for a period of at least twelve months from the respective dates of the Directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2016.

Corporate guarantees

	Group	
	2016 S$'000	2015 S$'000
Corporate guarantees provided to enable subsidiaries to obtain credit facilities and banking facilities:		
– Total facilities	16,645	17,977
– Total outstanding	1,873	1,927

(b) Operating lease commitments – as lessee

The Group leases certain properties under lease agreements that are non-cancellable. It has various operating lease agreements for offices, office equipment and leased equipment. There are no escalation clauses included in the contracts and no restrictions placed upon the Group and the Company by entering into these leases.

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36 CONTINGENT LIABILITIES AND COMMITMENTS (CONT'D)

(b) Operating lease commitments – as lessee (Cont'd)

Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Within 1 year	852	1,121	649	93
Within 2 to 5 years	314	661	14	–
	1,166	1,782	663	93

Minimum lease payments recognised as an expense in profit and loss for the financial year ended 31 December 2016 amounted to S$1,889,000 (2015: S$1,688,000) and S$277,000 (2015: S$179,000) for the Group and Company respectively.

(c) Operating lease commitments – as lessor

The Group has entered into various non-cancellable lease commitments in respect of lease equipment and properties for a period of 1 to 5 years.

Future minimum lease receivables under non-cancellable operating leases at the end of the financial year are as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Within 1 year	525	867	–	–
Within 2 to 5 years	172	635	–	–
	697	1,502	–	–

(d) Capital commitments

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Commitments in respect of property, plant and equipment	413	–	–	–

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37 SEGMENT INFORMATION

(a) Operating segments

	Distribution of operator products and services S$'000	ICT distribution and managed services S$'000	Mobile devices distribution and retail S$'000	Battery Electric Vehicles S$'000	Group S$'000
2016					
Turnover – external sales	272,531	41,369	11,434	156	325,490
Purchases and changes in inventories and direct service fees incurred	(259,412)	(29,638)	(10,121)	(50)	(299,221)
Commissions and other selling expenses	(18)	(214)	(4)	(26)	(262)
Other income – operating	124	1,859	418	–	2,401
Personnel costs	(5,593)	(9,136)	(1,412)	(217)	(16,358)
Infrastructure costs	(826)	(1,138)	(657)	(1)	(2,622)
Marketing expenses	(746)	(11)	(12)	(140)	(909)
Foreign exchange gain/(loss)	25	59	–	(9)	75
Other expenses – operating	(2,200)	(3,018)	(351)	(50)	(5,619)
Interest income from deposits and investment securities	48	558	54	–	660
Finance costs	(163)	(114)	(4)	–	(281)
Depreciation of property, plant and equipment, net	(328)	(299)	(254)	(13)	(894)
Amortisation of intangible assets, net	–	(119)	–	–	(119)
Gain on disposal of property, plant and equipment	16	–	20	–	36
Others	190	(854)	(76)	–	(740)
Profit/(loss) before taxation	3,648	(696)	(965)	(350)	1,637
Taxation	(99)	(961)	(104)	–	(1,164)
Profit/(loss) after taxation	3,549	(1,657)	(1,069)	(350)	473
Segment assets	21,307	40,270	8,613	1,908	72,098
Segment liabilities	4,919	13,811	1,848	47	20,625
Capital expenditure	231	139	44	1,502	1,916

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37 SEGMENT INFORMATION (CONT'D)

(a) Operating segments (Cont'd)

	Distribution of operator products and services S$'000	ICT distribution and managed services S$'000	Mobile devices distribution and retail S$'000	Operation related to disposed companies S$000	Group S$'000
2015					
Turnover – external sales	349,259	45,196	17,469	5,226	417,150
Purchases and changes in inventories and direct service fees incurred	(333,585)	(33,768)	(16,287)	(3,997)	(387,637)
Commissions and other selling expenses	(22)	(241)	(14)	(6)	(283)
Other income – operating	228	524	1,840	196	2,788
Personnel costs	(7,102)	(10,783)	(2,196)	(454)	(20,535)
Infrastructure costs	(1,059)	(1,405)	(1,611)	(412)	(4,487)
Marketing expenses	(1,146)	(12)	(27)	(2)	(1,187)
Foreign exchange (loss)/gain	(45)	716	266	(46)	891
Other expenses – operating	(2,420)	(3,465)	(1,230)	(559)	(7,674)
Interest income from deposits and investment securities	64	489	38	–	591
Finance costs	(407)	(262)	(43)	1	(711)
Depreciation of property, plant and equipment, net	(407)	(314)	(431)	(157)	(1,309)
Amortisation of intangible assets, net	(30)	(76)	–	–	(106)
Fair value gain on investment securities	–	131	–	–	131
Gain on disposal of investment	–	3,478	–	–	3,478
Professional fees (special projects)	–	(782)	–	–	(782)
Gain/(loss) on disposal of property, plant and equipment	145	(16)	3	–	132
Others	(234)	(727)	1,171	–	210
Profit/(loss) before taxation	3,239	(1,317)	(1,052)	(210)	660
Taxation	(56)	365	99	(2)	406
Profit/(loss) after taxation	3,183	(952)	(953)	(212)	1,066
Segment assets	20,269	57,180	6,618	–	84,067
Segment liabilities	4,993	18,553	2,690	–	26,236
Capital expenditure	–	184	399	39	622

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37 SEGMENT INFORMATION (CONT'D)

(a) Operating segments (Cont'd)

The following items are (added to)/deducted from segment other expenses to arrive at "other expenses" presented in the consolidated income statement:

	Group	
	2016 S$'000	2015 S$'000
Other expenses in segment information	(5,619)	(7,674)
Foreign exchange gain	75	937
Other operating expenses related to disposed companies	–	559
Others	(1,678)	(572)
Total other expenses in consolidated income statement	(7,222)	(6,750)
Other expenses per consolidated income statement		
Other expenses – non-operating	(1,678)	(572)
Other expenses – operating	(5,544)	(6,178)
Total other expenses in consolidated income statement	(7,222)	(6,750)

(b) Geographical information

	Turnover		Non-current Assets*		Capital Expenditure	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Southeast Asia[a]	311,892	398,116	7,368	5,410	1,788	569
South Asia[b]	13,569	13,656	53	28	125	14
Others[c]	29	152	15	26	3	–
Operations related to disposed companies	–	5,226	–	–	–	39
	325,490	417,150	7,436	5,464	1,916	622

(a) Southeast Asia includes Singapore, Indonesia, Malaysia and Thailand.

(b) South Asia includes India.

(c) Others includes People's Republic of China, Hongkong and the Americas.

* Non-current assets exclude financial assets and deferred tax assets.

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38 DIRECTORS' REMUNERATION

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
31 December 2016			
S$250,000 to S$499,999	–	–	–
Below S$250,000*	1	7	8
	1	7	8
31 December 2015			
S$250,000 to S$499,999	–	–	–
Below S$250,000	1	4	5
	1	4	5

* Includes Director who resigned during the current financial year

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise investment securities, fixed deposits, cash and bank balances, lease obligations and bank borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade creditors, which arise directly from its day-to-day operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments.

The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange risk and market price risk. The Board reviews and agrees policies for managing these risks which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial period, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

The carrying amounts of investment securities, trade and other receivables, loan receivable, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade debts based upon expected collectability of all trade debts.

At the financial year end, the Group's and the Company's maximum exposure to credit risk is represented by:

a. The carrying amount of each class of financial assets recognised in the statements of financial position; and

b. Corporate guarantees provided to enable subsidiary to obtain credit facilities and banking facilities:

	Company	
	2016 S$'000	2015 S$'000
– Total facilities	8,000	8,000
– Total outstanding	1,341	672

The Group has no significant concentration of credit risk. Information regarding trade and other receivables and loan receivable that are either past due or impaired are disclosed in Notes 12, 13 and 23.

Financial assets that are neither past due nor impaired

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

(b) Liquidity risk

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

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Group				
2016				
Financial assets:				
Investment securities	–	231	–	231
Trade and other receivables	14,642	252	–	14,894
Cash and cash equivalents	32,116	–	–	32,116
Total undiscounted financial assets	46,758	483	–	47,241
Financial liabilities:				
Trade and other creditors and accruals	13,829	–	–	13,829
Due to related parties	191	–	–	191
Lease obligations	18	–	–	18
Loans and bank borrowings	2,527	–	–	2,527
Total undiscounted financial liabilities	16,565	–	–	16,565
Total net undiscounted financial assets	30,193	483	–	30,676
2015				
Financial assets:				
Investment securities	1,687	137	–	1,824
Trade and other receivables	16,578	860	–	17,438
Cash and cash equivalents	44,846	–	–	44,846
Total undiscounted financial assets	63,111	997	–	64,108
Financial liabilities:				
Trade and other creditors and accruals	17,548	–	–	17,548
Due to related parties	607	–	–	607
Lease obligations	304	189	17	510
Loans and bank borrowings	3,829	–	–	3,829
Total undiscounted financial liabilities	22,288	189	17	22,494
Total net undiscounted financial assets/(liabilities)	40,823	808	(17)	41,614

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Company				
2016				
Financial assets:				
Investment securities	–	231	–	231
Trade and other receivables	2,393	–	–	2,393
Due from subsidiaries	2,026	1,042	–	3,068
Cash and cash equivalents	16,054	–	–	16,054
Total undiscounted financial assets	20,473	1,273	–	21,746
Financial liabilities:				
Trade and other creditors and accruals	1,750	–	–	1,750
Amounts due to related parties	31	–	–	31
Due to subsidiaries	6,957	–	–	6,957
Total undiscounted financial liabilities	8,738	–	–	8,738
Total net undiscounted financial assets	11,735	1,273	–	13,008
2015				
Financial assets:				
Investment securities	1,687	137	–	1,824
Trade and other receivables	3,054	687	–	3,741
Due from subsidiaries	158	14,073	2,378	16,609
Cash and cash equivalents	28,897	–	–	28,897
Total undiscounted financial assets	33,796	14,897	2,378	51,071
Financial liabilities:				
Trade and other creditors and accruals	3,794	–	–	3,794
Amounts due to related parties	30	–	–	30
Due to subsidiaries	7,685	–	–	7,685
Lease obligations	35	164	16	215
Total undiscounted financial liabilities	11,544	164	16	11,724
Total net undiscounted financial assets	22,252	14,733	2,362	39,347

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Within 1 year S$'000	1 to 5 Years S$'000	After 5 years S$'000	Total S$'000
Company				
2016				
Corporate guarantees	1,341	–	–	1,341
2015				
Corporate guarantees	672	–	–	672

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

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

To manage interest rate risk, surplus funds are placed with reputable banks and invested in bonds and investment securities.

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk.

	Within 1 year S$'000	1-5 years S$'000	After 5 years S$'000	Total S$'000
Group				
2016				
Floating rate				
Cash and cash equivalents	31,880	–	–	31,880
Loan and bank borrowings	(2,527)	–	–	(2,527)
2015				
Fixed rate				
Loans and bank borrowings	(1,166)	–	–	(1,166)
Floating rate				
Cash and cash equivalents	44,341	–	–	44,341
Loan and bank borrowings	(2,663)	–	–	(2,663)
Company				
2016				
Fixed rate				
Due from subsidiaries	–	1,042	–	1,042
Floating rate				
Cash and cash equivalents	15,980	–	–	15,980
2015				
Fixed rate				
Due from subsidiaries	–	14,073	2,378	16,451
Floating rate				
Cash and cash equivalents	28,698	–	–	28,698

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

At the financial year end, if USD interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$164,000 (2015: S$280,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and cash equivalents and lower/higher interest expense from loan and bank borrowings.

At the financial year end, if SGD interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$48,000 (2015: S$41,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and cash equivalents.

At the financial year end, if MYR interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$7,000 (2015: S$7,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and cash equivalents.

At the financial year end, if IDR interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$29,000 (2015: S$23,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and cash equivalents and lower/higher interest expense from loan and bank borrowings.

At the financial year end, if INR interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$41,000 (2015: S$51,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and cash equivalents.

At the financial year end, if THB interest rates had been 100 (2015: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been S$4,000 (2015: S$3,000) lower/higher, arising mainly as a result of lower/higher interest income from cash and cash equivalents.

(d) Foreign exchange risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily United States Dollar ("USD"), Thai Baht ("THB"), Indian Rupee ("INR"), Indonesian Rupiah ("IDR") and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly SGD.

The Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies. However, the Group reviews periodically that its net exposure is kept at an acceptable level. Approximately 99% (2015: 98%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 98% (2015: 96%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivables and trade and other payables balances at the financial year end have similar exposures.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including United States – United States Dollar ("USD"), Hong Kong – Hong Kong Dollar ("HKD"), People's Republic of China – Chinese Renminbi ("RMB"), India – Indian Rupee ("INR"), Indonesia – Indonesian Rupiah ("IDR"), Malaysia – Malaysian Ringgit ("MYR") and Thailand – Thai Baht ("THB").

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign exchange risk (Cont'd)

The Group's foreign currency exposure based on the information provided to key management at the end of the financial year end are as follows:

	USD S$'000	SGD S$'000	INR S$'000	THB S$'000	MYR S$'000	IDR S$'000	Others S$'000	Total S$'000
Group								
2016								
Trade receivables	1,049	3,462	4,240	–	42	–	–	8,793
Other receivables and deposits	124	2,429	503	753	56	1,590	646	6,101
Cash and cash equivalents	16,409	4,800	4,149	353	678	5,468	23	31,880
Trade creditors	(1,444)	(3,441)	(797)	(15)	(353)	(927)	(7)	(6,984)
Other creditors and accruals	(257)	(3,657)	(945)	(97)	(257)	(1,757)	(66)	(7,036)
Lease obligations	–	(18)	–	–	–	–	–	(18)
Loans and bank borrowings	–	–	–	–	–	(2,527)	–	(2,527)
Net financial assets	15,881	3,575	7,150	994	166	1,847	596	30,209
Net assets denominated in functional currencies	(15,181)	(2,469)	(7,143)	(994)	(10)	(1,847)	(399)	(28,043)
Net currency exposure	700	1,106	7	–	156	–	197	2,166
2015								
Trade receivables	1,671	4,421	3,330	–	390	276	198	10,286
Other receivables and deposits	251	3,112	687	938	96	1,581	487	7,152
Cash and cash equivalents	28,999	4,218	5,058	343	719	4,935	69	44,341
Trade creditors	(3,413)	(2,850)	(297)	(15)	(309)	(966)	(262)	(8,112)
Other creditors and accruals	(1,450)	(3,767)	(1,662)	(80)	(399)	(2,534)	(151)	(10,043)
Lease obligations	–	(431)	–	(2)	–	(48)	–	(481)
Loans and bank borrowings	(999)	(167)	–	–	–	(2,663)	–	(3,829)
Net financial assets	25,059	4,536	7,116	1,184	497	581	341	39,314
Net assets denominated in functional currencies	(25,843)	(2,125)	(7,104)	(1,184)	119	(581)	(328)	(37,046)
Net currency exposure	(784)	2,411	12	–	616	–	13	2,268

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign exchange risk (Cont'd)

	USD S$'000	SGD S$'000	INR S$'000	THB S$'000	MYR S$'000	IDR S$'000	Others S$'000	Total S$'000
Company								
2016								
Trade receivables	107	6	–	–	–	–	–	113
Other receivables and deposits	124	2,156	–	–	–	–	–	2,280
Due from/(to) subsidiaries	305	(1,333)	–	1,041	16	–	(3,918)	(3,889)
Cash and cash equivalents	15,329	651	–	–	–	–	–	15,980
Trade creditors	(154)	(3)	–	–	–	–	–	(157)
Other creditors and accruals	(239)	(1,350)	(8)	–	–	–	(27)	(1,624)
Net financial assets/ (liabilities)	15,472	127	(8)	1,041	16	–	(3,945)	12,703
Net assets denominated in functional currencies	(15,472)	-	–	–	–	–	–	(15,472)
Net currency exposure	–	127	(8)	1,041	16	–	(3,945)	(2,769)
2015								
Trade receivables	298	76	–	–	–	–	31	405
Other receivables and deposits	265	3,070	–	–	–	–	1	3,336
Due from/(to) subsidiaries	13,604	(2,533)	–	1,282	651	–	(4,080)	8,924
Cash and cash equivalents	27,590	1,108	–	–	–	–	–	28,698
Trade creditors	(1,199)	–	–	–	–	–	(2)	(1,201)
Other creditors and accruals	(903)	(1,680)	(10)	–	(7)	–	(23)	(2,623)
Lease obligations	–	(196)	–	–	–	–	–	(196)
Net financial assets/ (liabilities)	39,655	(155)	(10)	1,282	644	–	(4,073)	37,343
Net assets denominated in functional currencies	(39,655)	-	–	–	–	–	–	(39,655)
Net currency exposure	–	(155)	(10)	1,282	644	–	(4,073)	(2,312)

NOTES TO THE FINANCIAL STATEMENTS

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39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign exchange risk (Cont'd)

Sensitivity analysis for foreign currency risk

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

		Group Increase/(decrease) in profit before tax	
		2016 S$'000	2015 S$'000
USD/SGD	– strengthened 5% (2015: 8%)	90	130
	– weakened 5% (2015: 8%)	(90)	(130)
MYR/SGD	– strengthened 5% (2015: 13%)	8	80
	– weakened 5% (2015: 13%)	(8)	(80)
INR/SGD	– strengthened 0% (2015: 5%)	–	1
	– weakened 0% (2015: 5%)	–	(1)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

It is the Group's policy not to engage in shares speculation or trading for profit purpose. The Group's objective is to invest in shares of companies with growth potential.

Sensitivity analysis for equity price risk

At the financial year end, if the market price had been 18% (2015: 14%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been S$42,000 (2015: S$19,000) lower/higher, arising as a result of a decrease/increase in the fair value of equity instruments classified as available-for-sale.

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40 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

A. Fair value of financial instruments that are carried at fair value

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group				
2016				
Available-for-sale (Note 22)				
– Equity investment (quoted)	231	–	–	231
2015				
Designated at fair value through profit or loss (Note 22)				
– Hybrid instrument	–	–	1,687	1,687
Available-for-sale (Note 22)				
– Equity investment (quoted)	137	–	–	137
	137	–	1,687	1,824

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – 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); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There has been no transfer of financial instruments between Level 1 and Level 2 during the financial years ended 31 December 2016 and 31 December 2015.

Determination of fair value

Hybrid instrument (Note 22): The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

The fair value of hybrid instrument had been determined using the discounted cash flow. The valuation requires management to make estimates about expected future cash flows of the convertible loan which are discounted at current market rates. The Group applied a sensitivity analysis of 3.5% to its key assumptions, which are considered by the Group to be within range of reasonably possible alternatives based on dividend yield and/or discount rate of companies with similar risk profiles.

Quoted equity investment (Note 22): Fair value is determined directly by reference to their published market bid price at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

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40 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

A. Fair value of financial instruments that are carried at fair value (Cont'd)

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (level 3):

	Designated at fair value through profit and loss hybrid instrument (unquoted) 2015 S$'000
Group	
Opening balance	2,837
Repayment	(1,200)
Fair value gain recognised in the income statement	131
Exchange loss recognised in the income statement	(81)
Closing balance	1,687

Impact of changes to key assumptions on fair value of level 3 financial instruments

The following table shows the impact on fair value of level 3 financial instruments by using reasonably possible alternative assumptions:

	2015	
	Carrying amount S$'000	Effect of reasonably possible alternative assumptions S$'000
Group		
Fair value through profit or loss		
– investment securities (unquoted)	1,687	59

The valuation of the hybrid instrument is highly sensitive to assumptions and selection of parameters, particularly to the selection of discount rate. Extrapolation of credit spread was constructed based on assumptions that there is an exponential trend in credit spread movement as companies move across the credit ratings and the exponential trend would apply for bonds rated Ca and below. The choice of credit spread, which ultimately affects the discount rate, is highly judgemental and dependent on the market conditions, as such, the reasonable range of credit spread could possibly be very wide.

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40 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other receivables, loan receivable, trade and other creditors, amounts due from/(to) subsidiaries and current loans and bank borrowings.

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group		Company	
	Carrying amount S$'000	Fair value S$'000	Carrying amount S$'000	Fair value S$'000
2016				
Financial assets				
Other receivables	171	171	–	–
Financial liabilities				
Lease obligations	18	18	–	–
2015				
Financial assets				
Lease receivables	53	53	–	–
Other receivables	860	860	687	687
Financial liabilities				
Lease obligations	481	456	196	163

Determination of fair value

The fair values of lease and other receivables and lease obligations are estimated by discounting expected future cash flows at current market incremental lending rates for similar types of lending and leasing arrangements at the financial year end and are included in level 2 of the fair value hierarchy.

41 CAPITAL MANAGEMENT

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

The Group is not subject to any externally imposed capital requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

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41 CAPITAL MANAGEMENT (CONT'D)

To maintain a positive cash position, the Group ensures that it has sufficient cash balances and enters into loans when necessary. In order to achieve positive cash position, the Group focuses on deriving positive cash profits as well as through better working capital management.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Group	
	2016 S$'000	**2015 S$'000**
Total gross debt		
– Loans and bank borrowings	2,527	3,829
Shareholders' equity		
– Share capital	580,518	590,515
– Accumulated losses	(457,516)	(458,390)
– Other reserves	(3,592)	(5,361)
– Translation reserve	(67,833)	(68,864)
	51,577	57,900
Gross debt equity ratio	4.90%	6.61%
Cash and bank balances and fixed deposits	31,880	44,341
Less: Total gross debt	(2,527)	(3,829)
Net cash position	29,353	40,512

42 EVENTS OCCURRING AFTER THE FINANCIAL YEAR END

(a) On 23 March 2017, the High Court of Singapore has dismissed the Company's application against Globalroam Group Ltd ("Globalroam") to inter alia set aside the conversion of the Convertible Loan amounting to S$3,884,246.53 into ordinary shares in the capital of Globalroam. The Company is currently seeking legal advice and considering whether to appeal to the Court of Appeal. Should the Company decide to appeal, the notice of appeal will have to be filed by 24 April 2017.

(b) On 3 April 2017, the Company's wholly-owned subsidiary, Affinity Capital Pte. Ltd. ("Affinity") entered into an asset transfer agreement (the "ATA") with SB ISAT Fund, a limited liability partnership incorporated in the Cayman Islands (the "Vendor"), for the proposed acquisition by Affinity of an e-commerce platform (the "E-Commerce Platform") from the Vendor (the "Proposed Acquisition"). In consideration of the Proposed Acquisition, Affinity shall allot and issue an aggregate of 22,499,998 new ordinary shares in the capital of Affinity (the "Consideration Shares") to the Vendor. Pursuant to the allotment and issuance of the Consideration Shares upon completion of the ATA, the Company's equity interest in Affinity will be diluted from 100% to 50% plus one ordinary share issued in the capital of Affinity. The Proposed Acquisition is subject to shareholders' approval.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

Class of equity securities : Ordinary shares
Number of equity securities : 13,712,452
Voting rights : One vote per share

Shareholdings of Substantial Shareholders as at 20 March 2017

		No. of Shares			
Name	**Note**	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%**
Dr. Bhupendra Kumar Modi ("BKM")	2	–	4,429,651	4,429,651	32.30
Dilip Modi ("DLM")	3	–	3,638,921	3,638,921	26.54
Divya Tongya ("DYT")	4	–	3,638,921	3,638,921	26.54
S Global Innovation Centre Pte Ltd	2a,3,4,5a	3,638,921	–	3,638,921	26.54
Smart Co Holding Pte Ltd	2b,2c,5	410,660	3,975,991	4,386,651	31.99
Paramount Assets Investments Pte. Ltd	6,7,8	1,775,550	–	1,775,550	12.95
Lee Foundation, States Of Malaya	6	–	1,775,550	1,775,550	12.95
Lee Foundation	7	–	1,775,550	1,775,550	12.95
Lee Pineapple Company (Pte) Limited	8	–	1,775,550	1,775,550	12.95

Notes:

(1) The above percentages are calculated based on the Company's share capital comprising of 13,712,452 issued and paid-up Shares as at 20 March 2017.

(2) BKM is deemed to be interested in 4,429,651 Shares comprising the following:

(a) 3,638,921 Shares held directly by S Global Innovation Centre Pte Ltd as S Global Innovation Centre Pte Ltd is controlled by BKM, DLM and DYT. By virtue of Section 7 of the Companies Act, Spice Global Investments Pvt Ltd, Orion Telecoms Ltd, Dai (Mauritius) Company Ltd, Falcon Securities Ltd, Guiding Star Ltd, Christchurch Investments Ltd, S Global Holdings Ltd, Prospective Infrastructure Pvt Ltd and Smart Ventures Private Ltd (formerly "Si2i Mobility Private Ltd") are deemed to be interested in the 3,638,921 shares held through S Global Innovation Centre Pte Ltd;

(b) 410,660 Shares held directly by Smart Co Holding Pte Ltd (formerly S Global Holdings Pte Ltd) as Smart Co Holding Pte Ltd is wholly-owned by BKM;

(c) 337,070 Shares held directly by Spice Bulls Pte Ltd as Spice Bulls Pte Ltd is wholly-owned by Smart Co Holding Pte Ltd, which is in turn wholly-owned by BKM; and

(d) 43,000 Shares held directly by Innovative Management Pte Ltd as Innovative Management Pte Ltd is wholly-owned by BKM.

(3) DLM is deemed to be interested in 3,638,921 Shares through S Global Innovation Centre Pte. Ltd. as S Global Innovation Centre Pte. Ltd. is controlled by BKM, DLM and DYT.

(4) DYT is deemed to be interested in 3,638,921 Shares through S Global Innovation Centre Pte. Ltd. as S Global Innovation Centre Pte. Ltd. is controlled by BKM, DLM and DYT.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

(5) Smart Co Holding Pte Ltd is deemed to be interested in 3,975,991 Shares comprising the following:

(a) 3,638,921 Shares indirectly held through S Global Innovation Centre Pte. Ltd.; and

(b) 337,070 Shares held directly by Spice Bulls Pte Ltd as Spice Bulls Pte Ltd is wholly-owned by Smart Co Holding Pte Ltd.

(6) Lee Foundation, States of Malaya, by virtue of its interest in not less than 20% of the total issued share capital of Lee Pineapple Company (Pte) Ltd, is deemed to be interested in 1,775,550 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

(7) Lee Foundation, by virtue of its interest in not less than 20% of the total issued share capital of Lee Pineapple Company (Pte) Ltd, is deemed to be interested in 1,775,550 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

(8) Lee Pineapple Company (Pte) Ltd is deemed to be interested in 1,775,550 Shares held directly by Paramount Assets Investments Pte Ltd, a wholly-owned subsidiary of Lee Pineapple Company (Pte) Ltd.

PUBLIC FLOAT

As at 20 March 2017, 54.61% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9,195	63.49	235,492	1.72
100 – 1,000	4,465	30.83	1,410,651	10.29
1,001 – 10,000	742	5.12	1,885,331	13.75
10,001 – 1,000,000	79	0.55	4,766,507	34.76
1,000,001 AND ABOVE	2	0.01	5,414,471	39.48
TOTAL	**14,483**	**100.00**	**13,712,452**	**100.00**

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	S GLOBAL INNOVATION CENTRE PTE LTD	3,638,921	26.54
2	PARAMOUNT ASSETS INVESTMENTS PTE LTD	1,775,550	12.95
3	ABN AMRO CLEARING BANK N.V.	883,900	6.45
4	PHILLIP SECURITIES PTE LTD	483,682	3.53
5	CITIBANK NOMINEES SINGAPORE PTE LTD	310,804	2.27
6	SMART CO HOLDING PTE LTD	260,286	1.90
7	UOB KAY HIAN PRIVATE LIMITED	243,087	1.77
8	BLUE OCEAN CAPITAL PARTNERS PTE LTD	198,800	1.45
9	DBS NOMINEES (PRIVATE) LIMITED	194,873	1.42
10	LIM TIAN SONG	140,100	1.02
11	TAI TAK SECURITIES PTE LTD	97,500	0.71
12	OCBC SECURITIES PRIVATE LIMITED	94,496	0.69
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	91,028	0.66
14	RAFFLES NOMINEES (PTE) LIMITED	85,978	0.63
15	CHONG YEAN FONG	85,500	0.62
16	KOH CHIN HWA	80,000	0.58
17	TAN CHIP SIN	73,365	0.54
18	LIM & TAN SECURITIES PTE LTD	70,055	0.51
19	LEE SENG TEE	64,500	0.47
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	63,489	0.46
	TOTAL	**8,935,914**	**65.17**

GROUP OFFICES

HEAD OFFICE

Si2i Limited

152, Ubi Avenue 4,
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SUBSIDIARIES

SINGAPORE

S Dreams Pte Ltd (fka Mellon Technology Pte Ltd)
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Affinity Capital Pte Limited
Mailing Address:
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INDIA

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BRITISH VIRGIN ISLANDS

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Maxworld Asia Limited
Akara Bldg., 24 De Castro Street,
Wickhams Cay 1, Road Town,
Tortola, British Virgin Islands

THAILAND

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972 Business Building Thailand,
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Email: sales-shanghai@mediaring.com

CSL Communication (Shenzhen) Co Ltd
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Mobile Service International Co., Ltd
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of S i2i Limited (the "Company") will be held at 31, Tampines Avenue 7, Auditorium Level 3, Tampines Regional Library, Singapore 529620 on Friday, 28 April 2017 at 11 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to the Constitution of the Company:

Mr. Doraraj S	(Retiring under Article 108)	**(Resolution 2)**
Mr. Tushar s/o Pritamlal Doshi	(Retiring under Article 108)	**(Resolution 3)**
Mr. Maneesh Tripathi	(Retiring under Article 108)	**(Resolution 4)**
Mr. Jai Swarup Pathak	(Retiring under Article 108)	**(Resolution 5)**

[See Explanatory Note (i)]

Mr. Doraraj S will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee and Nominating Committee and will be considered independent.

Mr. Tushar s/o Pritamlal Doshi will, upon re-election as Director of the Company, remain as Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee and will be considered independent.

Mr. Jai Swarup Pathak will, upon re-election as Director of the Company, remain as member of the Audit Committee and the Remuneration Committee and will be considered non- independent.

3. To approve the payment of Directors' fees of S$158,277.30 for the year ended 31 December 2016 (FY2015: S$4). **(Resolution 6)**

4. To re-appoint Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

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

AS SPECIAL BUSINESS

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

6. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

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

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

NOTICE OF
ANNUAL GENERAL MEETING

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

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

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Constitution of the Company; and

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

[See Explanatory Note (ii)] **(Resolution 8)**

7. **Authority to issue shares under the 2014 Employee Stock Option Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to grant options under the prevailing 2014 Employee Stock Option Plan (the "2014 ESOP") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the terms and conditions under the 2014 ESOP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of ordinary shares available under the 2014 ESOP, the Si2i Restricted Share Plan and the Si2i Performance Share Plan, the 1999 Si2i Employees Share Option Scheme and the 1999 Si2i Employees Share Option Scheme II, collectively shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury Shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting,

NOTICE OF ANNUAL GENERAL MEETING

continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 9)**

By Order of the Board

Kim Yi Hwa
Company Secretary
Singapore, 13 April 2017

Explanatory Notes:

(i) The Ordinary Resolutions 2, 3, 4 and 5 in item 2 above will be individually proposed at the Annual General Meeting. The Ordinary Resolutions are for the re-election of the Directors of the Company who joined the Board of Directors of the Company on 15 July 2016, 23 March 2017 and 31 March 2017, after the last Annual General Meeting. For more information on the respective Directors, please refer to the "Board of Directors" and pages 8 to 9 in the Annual Report 2016. There are no material relationships (including immediate family relationships) between Mr. Doraraj S, Mr. Tushar s/o Pritamlal Doshi, Mr. Maneesh Tripathi and Mr. Jai Swarup Pathak and the other Directors of the Company.

(ii) The Ordinary Resolution 8 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 9 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the grant of options under the 2014 ESOP, provided always that the aggregate number of shares available under the 1999 Si2i Employees Share Option Scheme, 1999 Si2i Employees' Share Option Scheme II, the 2014 ESOP (for the entire duration of the 2014 ESOP), the Si2i Restricted Share Plan and the Si2i Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

Notes:

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "Meeting") in his/her stead.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

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

3. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

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

S I2I LIMITED

(Company Registration No. 199304568R)
(Incorporated in the Republic of Singapore)

IMPORTANT:

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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of S i2i Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Friday, 28 April 2017 at 11 a.m.and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1.	Directors' Statement and Audited Financial Statements for the year ended 31 December 2016		
2.	Re-election of Mr. Doraraj S as a Director		
3.	Re-election of Mr. Tushar s/o Pritamlal Doshi as a Director		
4.	Re-election of Mr. Maneesh Tripathi as a Director		
5.	Re-election of Mr. Jai Swarup Pathak as a Director		
6.	Approval of Directors' fees amounting to S$158,277.30 for the year ended 31 December 2016		
7.	Re-appointment of Moore Stephens LLP as Auditors		
8.	Authority to issue shares		
9.	Authority to issue shares under the 2014 Employee Stock Option Plan		

Date this __________ day of ____________________ 2017

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

____

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

*Delete where inapplicable

Notes:

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

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

3. Where a member appoints more than one proxy, the shareholder may wish to specify in the appointments the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

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

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

6. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Meeting.

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

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

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 13 April 2017.

General:

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

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