ANNUAL REPORTS AND RELATED DOCUMENTS::

Issuer & Securities

Issuer/ Manager
SEVAK LIMITED

Securities
SEVAK LIMITED - SG1BD0000008 - BAI

Stapled Security
No

Announcement Details

Announcement Title
Annual Reports and Related Documents

Date &Time of Broadcast
09-Apr-2019 07:58:30

Status
New

Report Type
Annual Report

Announcement Reference
SG190409OTHRK41R

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)
Please see the attached.

Additional Details

Period Ended
31/12/2018

Attachments

Sevak%20Limited%20Annual%20Report%202018.pdf

Total size =3802K MB

SEVAK LIMITED

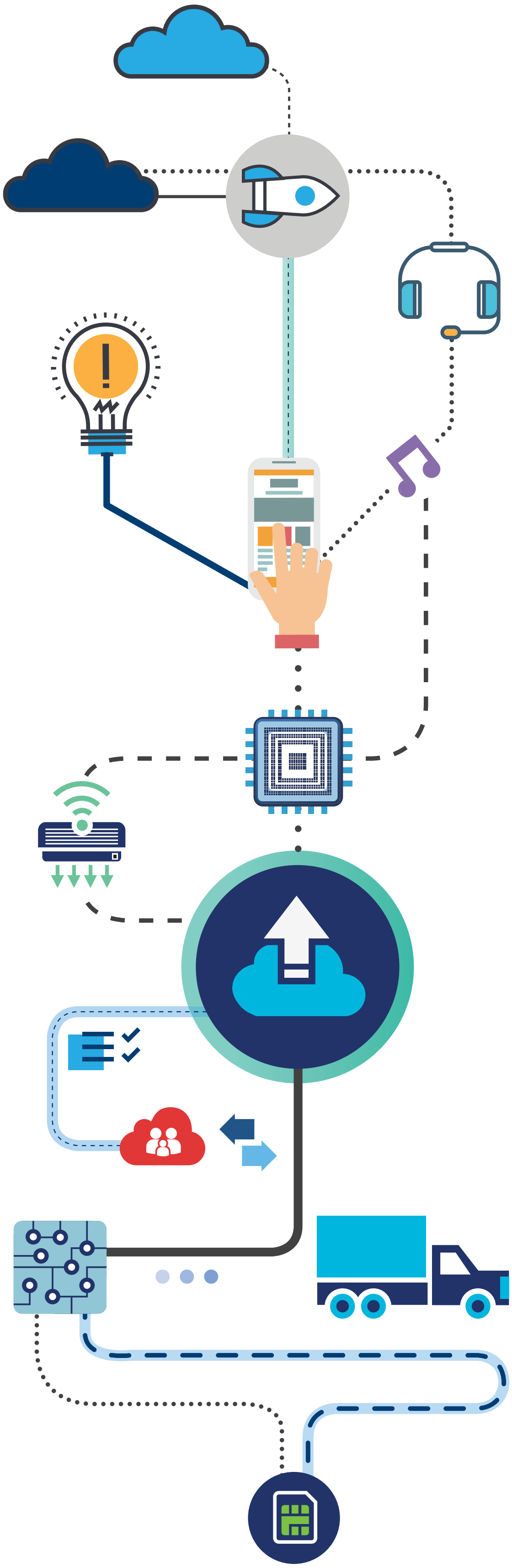
WE INNOVATE TO SERVE

(Formerly known as S i2i Ltd)

FROM INFORMATION TO INNOVATION

ANNUAL REPORT 2018

CONTENTS



CORPORATE PROFILE

Sevak Limited (formerly known as 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. The Company changed its name from S i2i Limited to Sevak Limited w.e.f 17 July 2018.

The Company is presently focusing on 4 verticals:

- Operator Products and Distribution Services
- Information Communications and Technology (ICT) Distribution and managed services
- Mobile devices retail services
- Battery electric vehicles

In Indonesia, the Company mainly distributes mobile prepaid cards as authorized distributor of the well-established telecom operators in Indonesia namely 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.

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. The Company offers integrated one-stop ICT solutions ranging from consultancy to maintenance and disaster recovery services and also undertakes projects on Networking, Data Hosting, and Managed Service solutions. The Company has enhanced its focus 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. As part of its ICT business, the company also has its operations in India.

In pursuit of its aim for "Innovation to Innovation", the Company is working on new areas of opportunities in Battery Electric Vehicles and Software related pilots in the field of Battery Electric vehicle fleet management.

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

BOARD OF DIRECTORS' MESSAGE

DEAR SHAREHOLDERS,

The Board of Directors of Sevak Limited ("Sevak" or the "Group") along with the management hereby present to you the Group's annual report for the financial year ended December 31, 2018 ("FY2018").

We express our sincere gratitude to all stakeholders for the continuing support to Sevak over the years.

The management team together with all the business units in Singapore, Indonesia and India has been working hard and your Company has been profitable for the past four years.

With the continuous focus on the business performance, the Company has made an application to exit from the watchlist. The Company has been given an extension until June 2019 for the exit decision on the application by SGX, as announced. Please refer to the Company's announcements on 24 January 2019 and 22 February 2019 for further details. Management under the guidance of Board continues to maintain and improve operational performance.

The business environment in general is challenging in some of the industries, the Company is operating in, currently. The distribution of operator products in Indonesia and the hardware business in Singapore & India are business units which are facing such challenges. The Group is trying to adopt innovative technologies and strategizing to enter into newer and futuristic businesses. This will enable the Group to counter the challenges presented by the traditional businesses. As part of this strategy, the Company adopted a new name "SEVAK" last year which connotes a service culture.

The Company continues to pursue its foray in Battery Electric Vehicles initiative through its subsidiary, Singapore Electric Vehicles (SEV), extending the work to software development which is related to EV fleet management and operational efficiencies. The Board is of the view that this innovation is an important future industry in our business environment and early entrants may reap benefits.

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

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 Sevak Ltd.

In 2018, the name of your Company was changed from S i2i Limited to SEVAK Limited. SEVAK is actually an internally devised acronym for "Singapore Electric Vehicles Advanced KeyLogger", a software connotation based name, which denotes three main disruptive technologies, which may emerge in the next 2-5 years in future:

1. Electric Vehicle and Autonomous vehicles based disruption
2. IoT – Internet of things which will create new waves on innovations
3. AI and 5G – Artificial intelligence and 5G, without 5G AI and IoT will not be all pervasive.

We being inherently rooted as a Telco/Operator and Information Technology Company may be suited to move into this future arena, hence the change of name to SEVAK Limited to connote this change to stakeholders. The plan of stabilization of business and consolidation of operations continued in the year 2018 with a focus on profitable revenue, so as to meet the key condition to get out of the watch list. In 2018, business units were further grounded into services based offerings in all three countries Singapore, India and Indonesia. The Singapore & India businesses further moved into innovation oriented solutions in Cloud, AI and Big data and also further initiated pilots about Electric Vehicles software business. Various pilots were run to gather data and learn on best way forward in all areas mentioned.

The Company, in consultation with its lawyers and advisors applied to exit out of watch list on 24th January 2019, as announced. SGX has given an extension till June 2019 for exit decision by SGX from watchlist, as also announced. The Board and the Company respect the process and will continue to make all efforts like in the previous years to meet the criterion and the deadline. Our efforts continue to yield positive results, evidenced by positive financial results since FY 2015.

During FY 2018 the Group recorded turnover of S$281.1 million, as compared to S$349.2 million in FY2017. The Group has posted a profit after tax of S$3.7 million.

The Company has continuously worked with telecom operators in Indonesia to plan to increase the Gross margin, but found that the Telco industry is going through upheavals and the industry is hard pressed for margins. This is due to a steep decline in voice based revenue and data based revenue not ramping up plus another disruption coming up due to operator's pursuing technology based other distribution channels. Hence, the Indonesia operations decided not to pursue non profitable revenue and chose only to focus on clusters which have good margins. This resulted in the decline of revenue in Indonesia. The Company is closely watching this industry and its development in Indonesia.

The Company also worked diligently to meet the KPIs set by the clusters as the cluster renewals for major telecom operators are due by the end of third quarter of this year 2019. The re-mapping of clusters is a risk which all operator distribution companies' face in Indonesia and the management is working hard to mitigate this risk by meeting KPIs and other performance measures.

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 continues to show growth challenges & signs of saturation and competition remains keen.

The Company has aligned with new innovation oriented strategic partners and has started pilots in the space of EV software, IoT, Big data and edge networks. These efforts will increase the services led component of the business, but will take time to show results as this is an emerging technology.

The Company also continues to work on Electric Mobility/ Smart mobility, associated software related to EV and AV to find the most appropriate business models and continues plying a fleet of Battery Electric Vehicles in Singapore for passenger land transport.

The Company intends to focus on innovative service-led solutions oriented large account deals, working closely with our partners.

We would like to thank our stakeholders, business associates and customers for their unwavering support. We must also extend our gratitude to SEVAK Limited staff, for their counsel, diligence and unwavering commitment shown to the Group.

Thank you!

MANEESH TRIPATHI
Executive Director and Group CEO
SEVAK LIMITED

OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

OPERATIONAL REVIEW

Sevak Limited ("Sevak", and together with its subsidiaries, collectively, the "Group"), is a Company primarily into the business of 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 of operator products and services

The Company distributes mobile prepaid cards as authorized distributor of the well-established telecom operators in Indonesia like Telkomsel, Indosat, XL, Smartfren etc. ("Airtime Business"). The telecom operators appoints distributors and assign them specific areas in Indonesia known as "Clusters" where the distribution is done exclusively by the appointed distributor. Currently, the Company has 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 for this business. The Telco industry is going through a tough phase and is hard pressed for margins. This is primarily due to a steep decline in voice based revenue and data based revenue not ramping up plus another disruption coming up due to operator's pursuing technology based other distribution channels. This has resulted in the decline of revenue in Indonesia. The Company is closely watching this industry and its development in Indonesia.

2. ICT Distribution and Managed Services

The Company offers integrated one-stop ICT solutions ranging from consultancy to maintenance and disaster recovery services and also undertakes projects on Networking, Data Hosting, and Managed Service solutions. The Company has enhanced its focus 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. As part of its ICT business, the company also has its operations in India.

3. Mobile Devices retail business and Running of Electric Vehicles

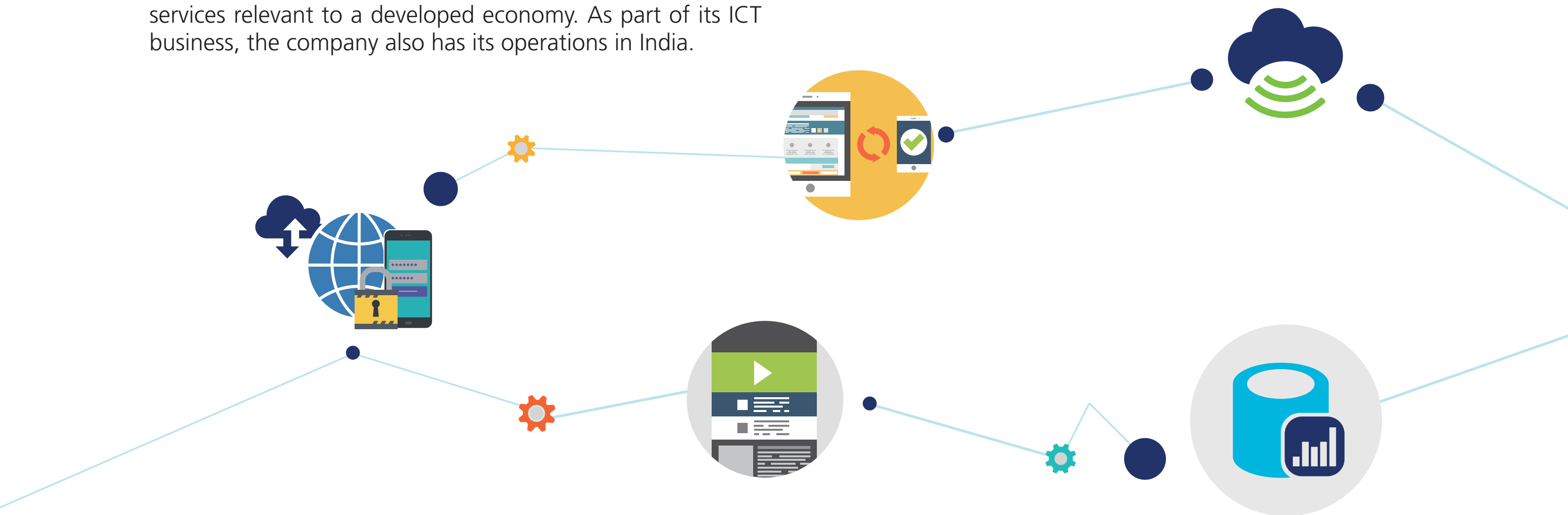
The Company is involved in the procurement and sale of both mobile devices and related services through a chain of retail stores in Indonesia under the "Selular Shop" brand. The Company retails MNC brand Mobile devices from retail outlets but has moved away from it's own brand of mobile devices procurement 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 working on new areas of opportunities in Electric Vehicles and Software related pilots in the field of electric vehicle fleet management.

The Company's fleet of 50 BYD BEVs, as it stands now, (as B2B taxi model) in the Singapore market place with alliance from App hailing services is proceeding as planned.

FINANCIAL REVIEW

The Group recorded a turnover of S$281.1 million – a decrease of 19.5% against revenue of corresponding year. Distribution of Operator products and services in Indonesia declined by 22.0% during FY 2018 against corresponding FY 2017. As anticipated, consequent to intense competition, all telecom operators in Indonesia have been resorting to competitive pricing to increase customers, as the voice business continues to shrink and a shift towards data driven strategy is being implemented. The Group continues to be diligent and is working with the operators to align with this strategy. Revenue from ICT distribution and managed services registered a decline of 10.2% during FY 2018 over corresponding period/s in preceding year respectively. To retain and grow margins, the subsidiaries engaged in this business have also been focusing more on services led business. Weakening of IDR & INR against presentation



currency SGD has also resulted in visibly higher reduction in revenue over corresponding period/s. The Group continues to focus on multi-brand, MNC mobile retail business through its own retail shops in Indonesia. This also aids in business of Distribution of Operator products and services. In beginning of current financial year, the Group had inducted more Battery Electric Vehicles (BEV) in its fleet for providing passenger land transport services in Singapore, using car hailing application. Consequently, the revenue of BEV has increased against corresponding period/s of preceding financial year. Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred".

The Group's operating earnings (before interest, depreciation, amortization and taxation) from continuing operations have been S$1.6 million during FY 2018 against S$2.6 million during corresponding FY 2017.

During FY 2018, the Group completed disposal of certain entities engaged in ICT distribution and managed services resulting to a gain of S$0.4 million (net of recycle of translation loss of S$0.06 million) and disposal of a non operating subsidiary resulting to a gain of S$3.7 million, primarily on account of recycle of translation reserve.

The Group earned profit before tax of S$4.8 million during FY 2018 against S$2.1 million during FY 2017, from continuing operations and gains on disposal including recycle of translation reserve referred to above.

The Group has continued its focus on operating efficiencies and management of working capital in terms of inventories, trade debtors, trade creditors and loans and borrowings in accordance with its business requirements. Cash in hand (net of borrowings) as at 31 December 2018 was S$19.2 million against S$14.9 million as at 31 December 2017.

Consequent to mandate for share buyback received at EGM on 1 August 2017, renewed on 30 April 2018, the company has been buying back its shares and till 31 December 2018, cumulatively 1,861,227 shares (Up to 31 December 2017 – 1,232,500 shares) have been bought for a consideration (excluding stamp duty and other costs) of S$5.8 million (Up to 31 December 2017 – S$3.8 million). The company has cancelled 696,022 treasury shares valuing S$2.3 million during current year till 31 December 2018 and consequently held 1,165,205 treasury shares valuing S$3.5 million as at 31 December 2018.

OUTLOOK

Going forward the Company's immediate plan would be to focus on the following:

- Plan for new areas of growth to re-energize the company
- Work to move out of watch list as per guidelines
- Consolidate the Airtime Business in Indonesia
- Cut losses and exit non-strategic and loss making business units

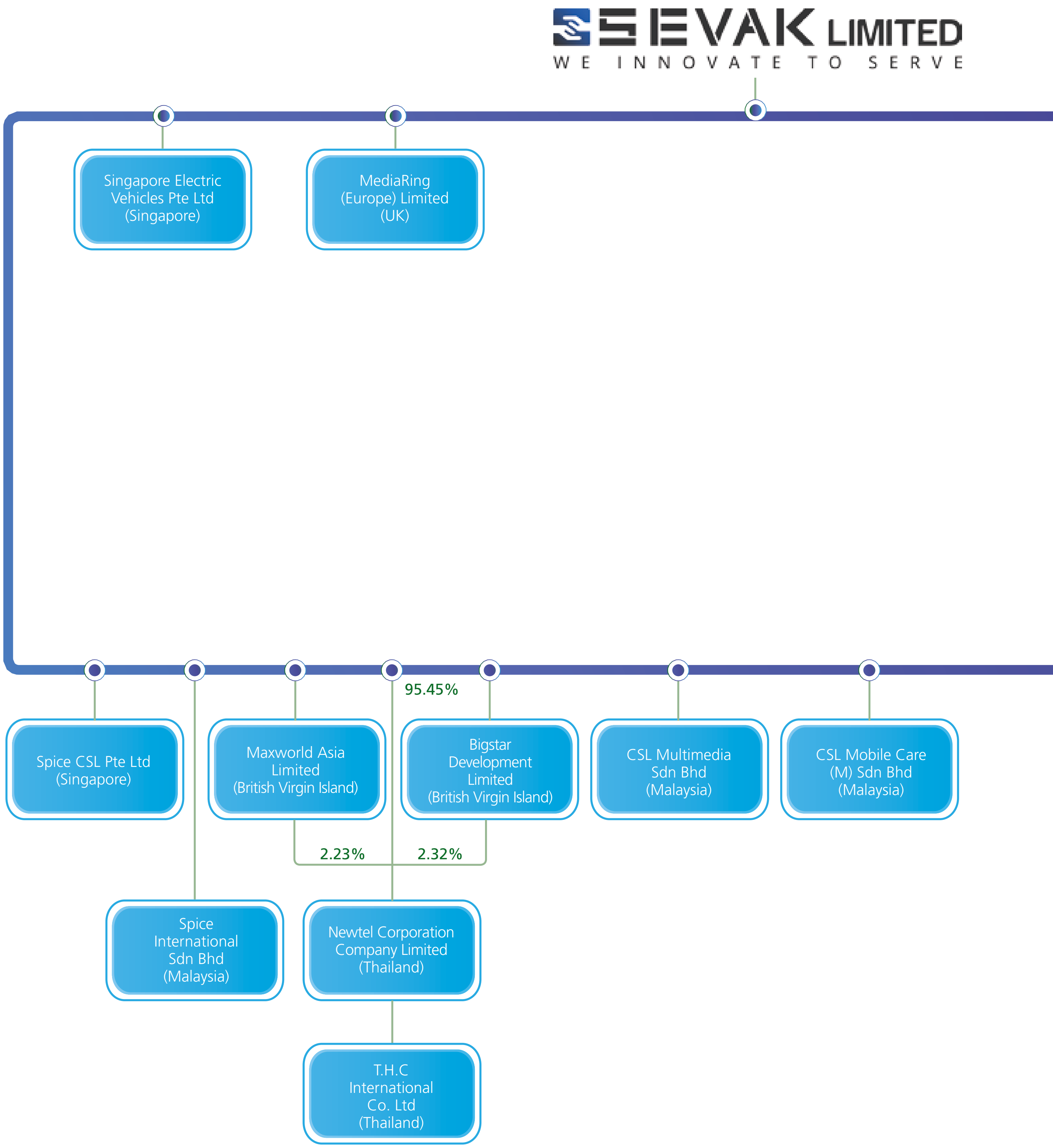
Strategically, the company has aligned with new innovation oriented strategic partners and has started pilots in the space of EV software, IoT, Big data and edge networks. These efforts will increase the services led component of the business, but will take time to show results as this is an emerging technology.

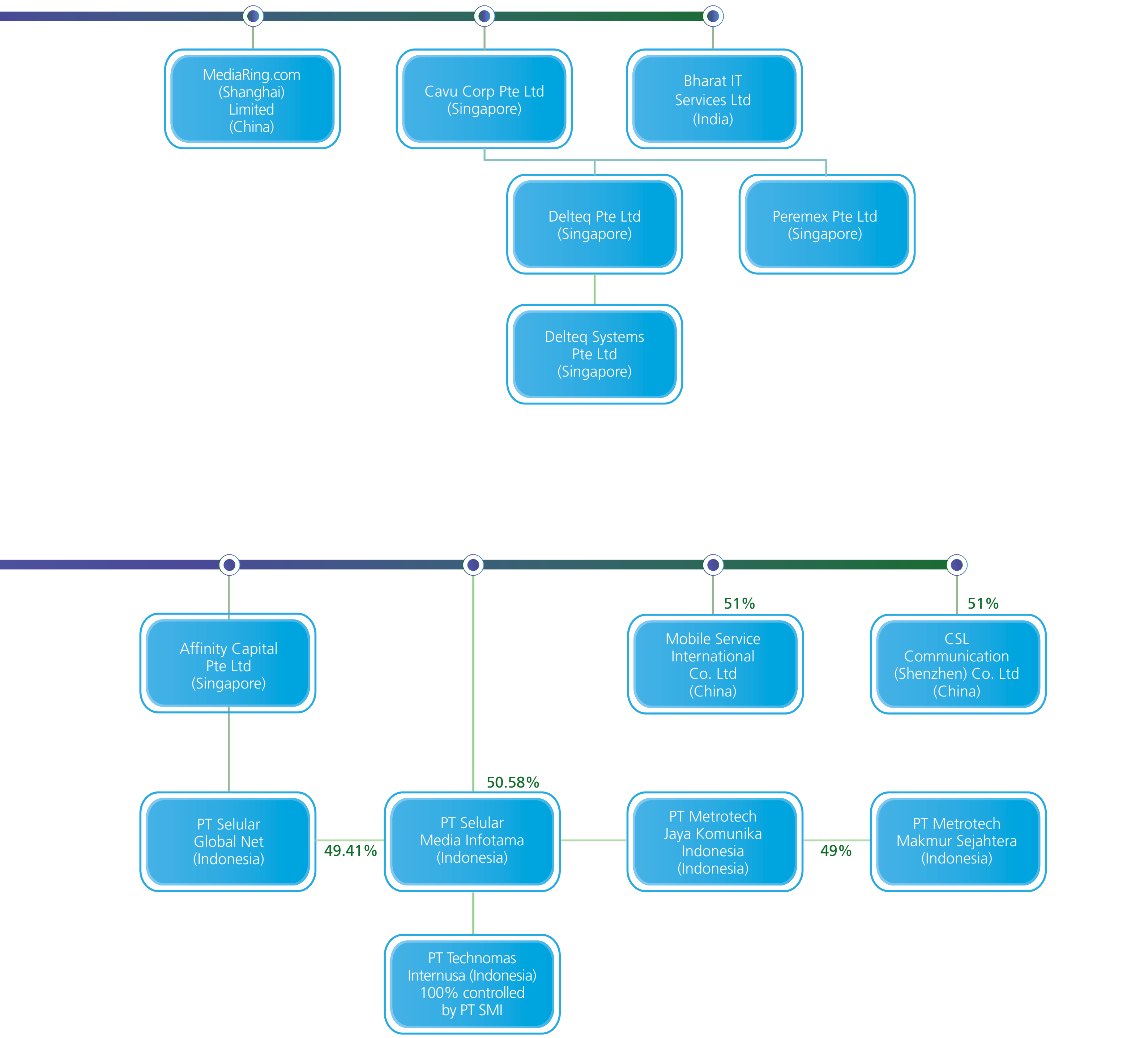
The company also continues to work on Electric Mobility/ Smart mobility, associated software related to EV and AV to find the most appropriate business models and continues plying a fleet of Battery Electric Vehicles in Singapore for passenger land transport.

The company intends to focus on innovative service-led solutions oriented large account deals, working closely with our partners.

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 focusing on cost, profitable revenue, and plan for new areas of growth will yield greater value for its stakeholders.

CORPORATE STRUCTURE




MediaRing.com (Shanghai) Limited (China)
Cavu Corp Pte Ltd (Singapore)
Bharat IT Services Ltd (India)
Delteq Pte Ltd (Singapore)
Peremex Pte Ltd (Singapore)
Delteq Systems Pte Ltd (Singapore)
Affinity Capital Pte Ltd (Singapore)
51%
Mobile Service International Co. Ltd (China)
51%
CSL Communication (Shenzhen) Co. Ltd (China)
50.58%
PT Selular Global Net (Indonesia)
49.41%
PT Selular Media Infotama (Indonesia)
PT Metrotech Jaya Komunika Indonesia (Indonesia)
49%
PT Metrotech Makmur Sejahtera (Indonesia)
PT Technomas Internusa (Indonesia) 100% controlled by PT SMI

OUR DISTRIBUTION STRENGTH IN MAJOR OPERATIONS

AIRTIME & RETAIL BUSINESS

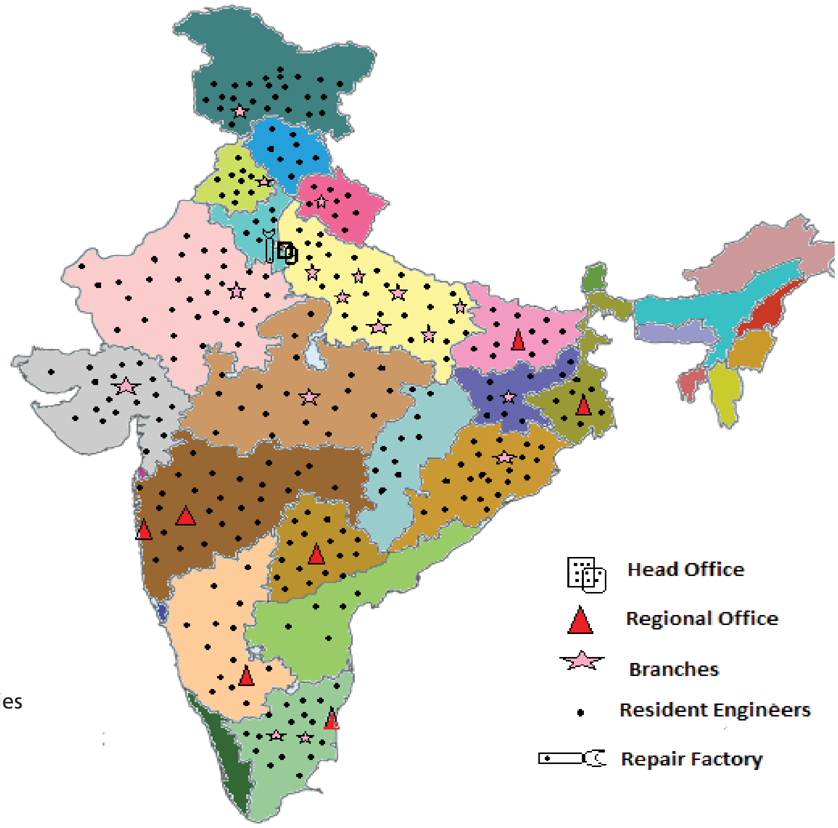
INDONESIA

1. Head office in Jakarta
2. 31 Branch offices
3. 21 Sub branch offices
4. 21 retail outlets, 17 selular shop synergy with OPPO and VIVO at Grapari KIOS Telkomsel
5. Over 30,000 reseller points

OUR DISTRIBUTION STRENGTH IN MAJOR OPERATIONS

ICT BUSINESS

INDIA



- Head Office at Noida
- 6 Regional Offices
- 15 Branch offices
- Presence in more than 150 cities

SINGAPORE

1. Head office in UBI Avenue 4, Singapore
2. 50 customer points across Singapore

BOARD OF DIRECTORS

MR. DORARAJ S

Lead Independent Director

Mr. Doraraj S is a Singaporean. He is a practicing Lawyer who was called as an Advocate and Solicitor of the Supreme Court of Singapore in 2001. He holds 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 active in community and social work. Since 1967 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
4. Raj Govin Law Practice (Sole Proprietor)

MR. TUSHAR S/O PRITAMLAL DOSHI

Independent Director

Mr. Tushar P Doshi 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 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 25 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 form 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. Since middle of 2017, Mr. Doshi has become a Global Independent Distributor for an American manufacturer in Stem Cell Lift technology and DNA Reparation and Anti Aging and Longevity space of the Health and Wellness industry.

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.

Mr. Doshi is also involved in Crude Oil and various down stream products business from Russia and various other oil producing country.

Mr. 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.

2018 to 2020 – SME Center@Singapore Indian Chamber of Commerce and Industry – Honorary Member of The Board of Directors.

1995 to 2020 – Singapore Gujarati Society – served in various capacities in the Management Committee and is currently serving as the Immediate Past President.

2014 to 2019 – Inter Racial and Religious Confidence Circle with the Mountbatten Community Center – Committee Member.

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

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

2017 to 2019 – Singapore Cricket Club Marketing and Communications Committee – Committee Member.

2014 to 2016 – GOPIO Singapore (Global Organization of People of Indian Origin Singapore) – Committee Member.

2017 to 2019 – GOPIO Singapore (Global Organization of People of Indian Origin Singapore) – 2nd Vice President.

MR. MANEESH TRIPATHI

Executive Director and Group Chief Executive Officer

Mr. Maneesh Tripathi is the Executive Director and Group Chief Executive Officer of Sevak Limited (formerly known as S i2i Limited) since March 2010. In the interim and after the acquisition of the Affinity Group and the Selular Group in Indonesia he was appointed as Managing Director/Chief Executive Officer of Affinity Group and Selular Group Indonesia from May 2011 to January 2013.

Mr. Tripathi has played a key role in the integration, transition and growth plans of Affinity Group and Selular Group – (part of SGX Listed Singapore Sevak Limited), 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 Chief Executive Officer of Sevak Limited 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 28 years of experience in various leadership positions in Multinational Companies. In 2010 Mr. Tripathi joined Spice i2i as Group Chief Executive Officer. He is also a board member of many subsidiaries of Sevak Limited.

Prior to this, Mr. Tripathi handled senior management assignments with IBM Asia Pacific. He also has experience of working with MNCs like, 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 Chief Operating Officer to run IBM ISS in Asia Pac. He is also an honorary board member of 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.

Mr. Maneesh Tripathi is a state level cricket player and has captained University and played for MP state level cricket in U22 CK Naidu Trophy. He has a 4 year diploma in the percussion instrument Tabla from Shankar Sangrat Maha Vidyalaya Allahabad. Mr. Maneesh Tripathi also has a Certificate in Film Production & Planning from Singapore Media Academy.

He is a member of the Executive Committee of SGTech formerly known as Singapore Infocomm Technology Federation (SiTF) and a member of Singapore Institute of Directors (SID), Singapore Computer Society (SCS), Singapore Venture Capital & Private Equity Association (SVCA), Singapore Business Federation (SBF) and Singapore Manufacturing Federation (SMF).

MS. CHADA ANITHA REDDY

Non-Independent Non-Executive Director

Ms. Anitha Reddy is appointed as Non-Independent & Non-Executive Director with effect from 7 April 2018. Prior to this, she had been leading the Si2i Human Resources Department. She has over 21 years of managerial experience.

She has held various senior management positions where she held leadership roles in Corporate Administration, Corporate Image & International Business Relationships, Events Management, Personnel/Human Resource Development, Communication, Public Relations. She was also actively involved in providing matrix leadership for teams in Finance, Human Resources, Policy development and Administration and led various teams during group initial acquisitions, restructuring operations and new spinoffs in Singapore, Thailand, Malaysia and Indonesia.

Anitha also takes keen interest and is actively involved in community development and service, coordinating and conducting charity and community events. She held various positions in the community centres of Singapore and cultural associations and was awarded long service award by the community centres of Singapore in appreciation of her dedicated voluntary service.

She holds a Master of Business Administration degree.

SENIOR MANAGEMENT

MR. RAKESH KHERA

Group Chief Financial Officer, Sevak Limited

Mr. Rakesh Khera brings with him total experience of 25+ years including 8+ years with Sevak Limited, Singapore.

Before joining Sevak Limited (previously known as Si2i 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 the role of Facilitator for Total Quality Management (TQM), when his company embarked upon the journey of TQM followed by ISO 9001 certification.

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

MR. ARUN SETH

CEO, Bharat IT Services Ltd

As the CEO of Bharat IT Services Ltd, Mr. Arun Seth brings with him a rich experience spanning 30+ years in the Electronics and Information Technology Industry in India, having held senior and responsible positions throughout his career.

Mr. Arun Seth 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, Mr. Arun Seth proved to be a consistent performer and his geographic domain remained the highest revenue generating region in the country for many years.

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

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

Establishing strong bonds with Technology Owners, within India or outside, has been Mr. Arun Seth's key to success. Bharat IT's foray in the Cheque Truncation area by associating with ARCA Technologies S.R.L of Italy as their Indian Distributor, has gone a long way in making them a prominent player in this category in India. This business has been instrumental in shoring up their bottom line over the past few years.

Under his stewardship, the company successfully created a vertical niche for itself in the self-service segment in the BFSI sector and has been generating decent revenues from supply of suitable product for self service kiosks in the Banking Industry.

Mr. Seth is adept at scouting around for and spotting suitable opportunities for business enhancement and growth. India is the hub of IT Services and with the explosion in usage of IT Hardware in the country, there was a dire need to provide basic IT services to various user segments.

Our service business in the I.T sector was developed to cater to the service support needs of the domestic BFSI segment. However this business has shown regular and encouraging growth over the years and today our IT Services Business caters to all User segments across the vast geography of our country.

Building and managing teams of successful professionals is Mr. Arun Seth's forte.

Creating and nurturing customers with long term relationships is a key strength.

MR. MUKESH KHETAN

President Director, Selular Group

Mr. Mukesh Khetan brings with him a total experience of more than 12 years of handling compliance and legal functions including managing compliance, legal and corporate affairs function for the Sevark Group for the past 6 years. Besides being handling the Legal & Corporate Affairs function of the Sevak Group. Khetan is also the President Director of the Selular Group which is the business of Sevak Group in Indonesia and manages the Selular Group business with the local team.

Throughout his career he has been associated with publicly listed companies in India 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.

Mr. Khetan is the Governing board member of the India Indonesia Chamber of Commerce and associated as the committee member of various Indian Social Organization in Indonesia.

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.

MR. RUSLI SUFIANTO

Chief Operating Officer, Selular Group

Mr. Rusli Sufianto is 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.

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

MS. KELLY LIM

Deputy General Manager, Delteq Pte Ltd

Ms. Kelly Lim 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.

Under her leadership, Delteq started its transformation towards solution and services base business. Driven by profitability, Delteq has increased both its revenue and profitability year on year.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Maneesh Tripathi, Executive Director and Group Chief Executive Officer
Mr. Doraraj S, Lead Independent Director
Mr. Tushar s/o Pritamlal Doshi, Independent Director
Ms. Chada Anitha Reddy, Non-Independent Non-Executive Director

COMPANY SECRETARY

Ms. Kim Yi Hwa

AUDIT COMMITTEE

Mr. Doraraj S – Chairman
Mr. Tushar s/o Pritamlal Doshi
Ms. Chada Anitha Reddy

NOMINATING COMMITTEE

Mr. Tushar s/o Pritamlal Doshi – Chairman
Mr. Doraraj S
Ms. Chada Anitha Reddy

REMUNERATION COMMITTEE

Mr. Tushar s/o Pritamlal Doshi – Chairman
Mr. Doraraj S
Ms. Chada Anitha Reddy

REGISTERED OFFICE

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AUDITORS

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Partner-in-charge: Mr. Christopher Bruce Johnson
Date of appointment: 25 August 2014

CORPORATE GOVERNANCE

Sevak Limited (formerly known as "S i2i Limited") 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 2012 Code of Corporate Governance ("2012 Code"). Reasons for deviations on any guidelines of the 2012 Code are explained within this report. The Company has 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, sets Company values and standards and business strategies (including taking into account of sustainability issues), annual budget, management performance, adequacy of internal controls and risk management and stakeholder engagement as stakeholder perception affects the Company's reputation. 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 on pages 18 to 27 of this report.

During the financial year from 1 January 2018 to 31 December 2018 ("FY2018"), 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 FY2018, 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*	1	1	2	2	3	1	1	0	1	0
Mr. Doraraj S	4	4	2	2	6	6	3	3	1	1
Mr. Tushar s/o Pritamlal Doshi	4	4	2	2	6	6	3	3	1	1
Mr. Maneesh Tripathi	4	4	2	2	–	–	–	–	–	–
Ms. Chada Anitha Reddy**	3	3	–	–	4	4	2	2	–	–

* Resigned with effect from 6 April 2018
** Appointed with effect from 7 April 2018

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.

The Company issues communique to new Directors upon their appointment, setting out various information including their duties, obligations and responsibilities as Directors and an induction would be provided 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 allocates a budget for arranging and funding of training of the Directors. During the year, the independent directors attended training programmes on governance, risk management etc.

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

The Directors of the Company during FY2018 were:

1. Dr. Bhupendra Kumar Modi (Non-Executive Chairman) (resigned on 6 April 2018)

2. Mr. Maneesh Tripathi (Executive Director & Group Chief Executive Officer)

3. Ms. Chada Anitha Reddy (Non-Independent Non-Executive Director) (appointed on 7 April 2018)

4. Mr. Doraraj S (Lead Independent Director)

5. Mr. Tushar s/o Pritamlal Doshi (Independent Director)

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

Dr. Bhupendra Kumar Modi (Non-Executive Chairman) was appointed on 1 September 2015 and resigned on 6 April 2018 due to personal preoccupations and his plans to pursue philanthropic endeavours in the quest for building a better society and work towards the greater good.

Ms. Chada Anitha Reddy was appointed on 7 April 2018 as non-independent non-executive director to bring in gender diversity in the Board and her expertise in the areas of human resources, strategic planning etc.

The Board is cognizant of the recommendation of Guideline 2.2 of the 2012 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. Therefore, the Board composition in FY2018 complied with this guideline and half of the Board of the Company consisted of Independent Directors.

CORPORATE GOVERNANCE

The NC identifies and nominates candidates to fill Board vacancies for the approval of the Board, as and when they 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 FY2018 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.

The NC had reviewed the size of the Board in FY2018 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 FY2018 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.

Chairman and CEO

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

After the resignation of Dr. Bhupendra Kumar Modi, Non-Executive Chairman, on 6 April 2018, the Company has not appointed anyone as Chairman of the Board as yet. The Board has collectively functioned and has discharged its duties effectively.

CORPORATE GOVERNANCE

In FY2018, Mr. Maneesh Tripathi was the Executive Director and 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. 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 members of the Board worked closely together with Management on various matters, including strategic issues and business planning processes. The Board ensured effective communication with shareholders and promoted high standards of disclosure and corporate governance.

Mr. Doraraj S continues to be the Lead Independent Director of the Company in FY2018. The Lead Independent Director is available to shareholders if they have any concerns relating to matters when contact through the normal channels of the Chairman or the CEO has failed to resolve, or where such contact is inappropriate. The Lead Independent Director also meets with the other independent director to discuss on matters concerning the Company and would provide feedback to the Management of the Company.

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

NC

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)
Mr. Doraraj S	Lead Independent Director (Member)
Ms. Chada Anitha Reddy	Non-Independent and Non-Executive Director (Appointed as a member on 7 April 2018)

Dr. Bhupendra Kumar Modi ceased to be a member on 6 April 2018.

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 search for candidates for the Board is conducted through a broad network of contacts. Candidates should have good reputation, integrity and have expertise that complements the existing skill sets of the Board members. The candidate should also be able to devote time to the affairs of the Company and commit to duties as a Director of the Company.

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).

CORPORATE GOVERNANCE

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. 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 Board concurred with the NC's review assessment. Each independent Director had recused himself in the determination of his own independence in the review.

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 has not made any determination of a maximum number of listed board representations or principal commitments that any director may hold. All the directors are required to devote their time to the affairs of the Company in light of their other directorships or principal commitments and if they have any difficulty to do so, they may consult the Chairman for a discussion.

There are no Alternate Directors appointed in the Company. The Board does not encourage the appointment of Alternate Directors.

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 10 to 11 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
Mr. Doraraj S	69	Lead Independent Director	15 July 2016	Due for re-election
Mr. Tushar s/o Pritamlal Doshi	52	Independent Director	15 July 2016	30 April 2018
Mr. Maneesh Tripathi	56	Executive Director & Group CEO	23 March 2017	28 April 2017
Ms. Chada Anitha Reddy	47	Non-Independent and Non-Executive Director	7 April 2018	30 April 2018

Information on the shareholdings in the Company of each Director is set out on page 39 of the Directors' Statement.

CORPORATE GOVERNANCE

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 FY2018, the NC had evaluated the performance of the Board as a whole and its committees. An external party was appointed to assist the Board with conducting the evaluation process to ensure objectivity and transparency in the process.

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. 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 Board does not currently have any performance criteria which allow comparison with peers. In future, the Board may decide on performance criteria which allows comparison with peers and address how the Board has enhanced long term shareholders' values.

The Chairman, with recommendation of the NC would act on the results of the performance evaluation, with the view of strengthening the Board to enhance its effectiveness as a whole. 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 FY2018, 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.

Based on the review of the Board and its committees' performance in FY2018, the Board and its committees were found to be operating effectively and contributing to the overall effectiveness of the Board. The Board's performance objectives for the year were met.

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 reports providing updates on key performance indicators and financial analysis on the performance of the Group are also circulated 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.

CORPORATE GOVERNANCE

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 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

RC

The RC comprises of the following Directors:

Mr. Tushar s/o Pritamlal Doshi	Independent Director (Chairman)
Mr. Doraraj S	Lead Independent Director (Member)
Ms. Chada Anitha Reddy	Non-Independent and Non-Executive Director (Appointed as a member on 7 April 2018)

Dr. Bhupendra Kumar Modi ceased to be a member on 6 April 2018.

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.

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.

CORPORATE GOVERNANCE

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$158,000 as Directors' fees for FY2018. 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 FY2018.

	Fees %	Salary %	KPI based Bonus %	Share-based Payment %	Total S$
S$600,000 and below					
*Mr. Maneesh Tripathi	–	48%	52%	–	*
S$100,000 and below					
Dr. Bhupendra Kumar Modi	–	–	–	–	–
Ms. Chada Anitha Reddy	–	–	–	–	–
Mr. Doraraj S	100%	–	–	–	78,000.00
Mr. Tushar s/o Pritamlal Doshi	100%	–	–	–	80,000.00

* The remuneration bracket has been disclosed in the key executives section

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. There was no necessity to obtain expert advice for FY2018.

Information on the Group's ESOS, RSP and PSP is set out in the Directors' Statement on pages 39 to 40.

The remuneration details of the key executives in FY2018 is set out below:

No.	Employee Name	Designation	Basic	KPI based Variable Pay	Total	Salary Range In SGD
1	Mr. Maneesh Tripathi	Executive Director & Group CEO	48%	52%	100%	500,000-750,000
2	Mr. Rusli Sufianto	COO, Selular Group	76%	24%	100%	0-250,000
3	Mr. Arun Seth	Executive Director, Bharat IT Services Ltd	71%	29%	100%	
4	Ms. Lim Wee Hoon (Kelly)	Deputy GM, Delteq Business	87%	13%	100%	
5	Mr. Rakesh Khera	Group CFO	100%	–	100%	

The aggregate remuneration (excluding statutory taxes) paid to the above key executives in FY2018 was S$1,211,070.

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 FY2018 are not disclosed due to confidentiality and sensitivity attached to remuneration matters.

There is no termination, retirement and post-employment benefits granted to the Directors, the Group CEO or the key executives apart from the applicable laws. There is no contractual provision in the terms of employment of the Group CEO and the key executives to reclaim incentive components of their remuneration paid in prior years.

There were no terminations of key executive positions in FY2018. The RC would review the Company's obligations arising in the event of termination of executive director and key executives contracts of service, to ensure that the termination clauses are fair and reasonable.

There is no employee who is related to a director whose remuneration exceeds S$50,000 in the Group's employment for FY2018.

CORPORATE GOVERNANCE

(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.

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. Other business reports are also provided on a timely and regular basis, to give up-to-date information and facilitate effective decision making.

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.

CORPORATE GOVERNANCE

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 behaviour 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, financial risk management, operational and information technology controls.

The Board has received assurance from the Executive Director & Group CEO and the Group 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 2018 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 systems, addressing financial, operational, compliance and information technology risks, are adequate and effective as at 31 December 2018.

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 (Chairman)
Mr. Tushar s/o Pritamlal Doshi	Independent Director (Member)
Ms. Chada Anitha Reddy	Non-Independent Non-Executive Director (Appointed as a member on 7 April 2018)

Dr. Bhupendra Kumar Modi ceased to be a member on 6 April 2018.

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.

CORPORATE GOVERNANCE

The AC held six meetings in FY2018. The number of the Directors' participation and attendance at the AC meetings held during the FY2018 can be found on page 15 of this Report.

The key roles of AC include:–

(i) maintaining adequate accounting records;

(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 and effectiveness 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.

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 FY2018, 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 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.

CORPORATE GOVERNANCE

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:

Significant Matters	How the AC reviewed these matters and what decisions were made
A. 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 43 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 recognised in the financial statements.
B. Valuation of inventories	The AC reviewed Management's judgments 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 44 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.
C. Valuation of trade and other receivables and loan receivable	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 45 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.

CORPORATE GOVERNANCE

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 reports functionally and administratively to the AC.

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. BDO is given full access to documents, records, properties and personnel, including access to the AC.

The AC reviews the adequacy and effectiveness of the internal audit function at least once a year. The AC is satisfied that BDO is independent and effective, has the adequate resources to perform its functions and has appropriate standing within the Company, with numerous years of experience and has requisite qualification. 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 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;

(iv) the websites of the Company (www.sevaklimited.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 will provide timely and fair disclosures to all stakeholders. Where there is inadvertent disclosures made to a selected group, the Company would make the same disclosure publicly to ensure fair dissemination of news as promptly as possible.

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.

CORPORATE GOVERNANCE

Though the Company has made profit this year, the Company has not declared any dividends. 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. No dividend has been declared for FY2018 as the Group intends to conserve cash for future investments.

The Company carried out share buyback exercises during FY2018 where it bought a total of 628,727 shares until 31 December 2018 and 1,165,205 shares remain as treasury shares and 696,022 shares were cancelled.

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.

During FY2018, the Company has organised dialog sessions with shareholders to give general update to questions and answers from shareholders. The Company may organise such sessions as and when circumstances permit.

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 substantial 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)	1,052*	–

* 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 30 April 2018.
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.

SUSTAINABILITY REPORT

Sevak Limited's second Sustainability Report will be published in May 2019 and will cover its activities from January to December 2018. This section provides a summary of the activities currently underway which are part of Sevak's Sustainability Report.

OUR APPROACH TO SUSTAINABILITY

STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, employees, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

Applying the guidance from GRI Standards, we have identified the following material EESG aspects:

SUSTAINABILITY REPORTING PROCESS

A summary of our sustainability reporting process is as set out above.

No.	Stakeholders	Engagement Platforms	Frequency	Key concerns raised
1	Suppliers	Face-to-face meetings – Coordination Meeting with branch manager or operation level – Review and action plan for monthly target – Socialization product, program and new regulation – National Gathering, commitment next year target	 Daily Monthly Quarterly Annually	Fair and transparent procurement Joint development Contracts fulfilment
		Vendor Assessment – KPI target – Agreement renewal	 Monthly 1-3 years	
		Awarding & Reward	Annually	

SUSTAINABILITY REPORT

No.	Stakeholders	Engagement Platforms	Frequency	Key concerns raised
2	Customers	Face-to-face meetings – CDMP (Coverage-Distribution-Marketing-Product) – Gathering Outlet	 Daily Occasionally	Quality services Rights protection
		Rebate Program (Target, Reward)	Monthly	
		Social Media (WhatsApp/LINE)	Daily	
		Marketing Hotline – Telemarketing	Daily	
		SMS blast	Occasionally	
		Brochure, Sticker	Occasionally	
		Exhibition	Occasionally	
		Bundling Product	Occasionally	
3	Employees	Staff Appraisal	Annually	Guarantee of basic rights and interests Employee capabilities and career development Sense of belongings and recognition
		Staff Bonding Sessions – National Meeting – Cluster Gathering – Open Fasting on lebaran – Home leave transportation (EID)	 Annually Occasionally Annually Annually	
		Whistle blowing policy updates	Annually	
4	Bankers	Face-to-face meetings	Quarterly, update business	Timely fulfilment of the financial obligations
		Lunches	Quarterly, update business	
		E-mails/Phone call	Daily basis in operational side	
		Meetings	Quarterly, update business	

SUSTAINABILITY REPORT

No.	Stakeholders	Engagement Platforms	Frequency	Key concerns raised
5	Local Communities	Sponsorship	Occasionally	Contribution to the local employment and economic development Support for the local suppliers Volunteer activities
		Donations	Occasionally	
6	Media	Social Media – Facebook – Instagram	 Weekly Weekly	

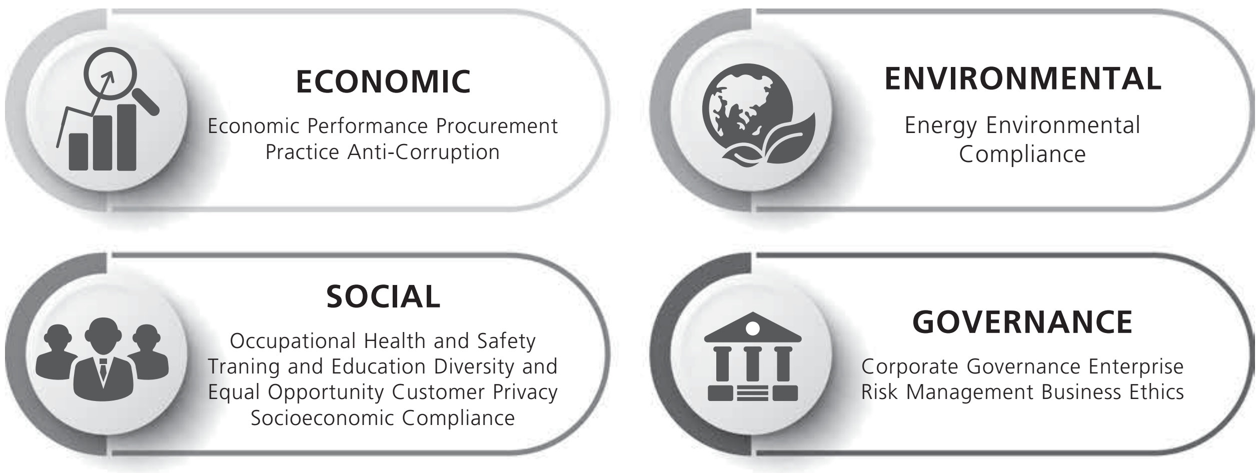
MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised to identify material factors which are subject to validation. The end result of this process is a list of material factors disclosed in the Sustainability Report. Process of which are as shown below:

IDENTIFICATION → PRIORITISATION → VALIDATION → REVIEW

The Group has conducted a materiality assessment during the year with the help of an external consultant. Going forward, materiality review will be conducted every year, incorporating inputs gathered from stakeholders' engagements.

In order to determine if an aspect is material, we assessed its potential impact on the economy, environment and society and its influence on the stakeholders. Applying the guidance from GRI, we have identified the following as our material aspects:



SUSTAINABILITY REPORT

ECONOMIC

ECONOMIC PERFORMANCE

Sevak firmly believes that focusing on financial sustainability is critical. The Company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

The Group recorded a turnover of S$281.1 million – a decrease of 19.5% over revenue of corresponding year. Distribution of Operator products and services in Indonesia declined by 22.0% during FY 2018 against corresponding FY 2017. Revenue from ICT distribution and managed services has also declined by 10.2% during FY 2018 over corresponding FY 2017.

For detailed financial results, please refer to the following sections in our Annual Report 2018:

- Operational and Financial Performance Review, pages 04-05
- Financial Statements, pages 42-177

PROCUREMENT PRACTICE

The bulk of our purchases is sourced locally to support the local suppliers.

ANTI-CORRUPTION

Sevak do not tolerate any form of corruption. This has been made clear to all of our employees, our suppliers and our business partners. There were no incidents of corruption reported in FY2018. We will always ensure that there will be no incidents of corruption in the Group.

Whistle-blowing policy

As approved by the Board, the Company has put in place a whistle-blowing policy 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.

ENVIRONMENTAL

ENERGY

Sevak is fully aware of its responsibility for nurturing the environment and lessening negative environmental consequences at our worksites and the environment where we operate. We monitor our electricity consumption at our work places to ensure that we use our resources economically, meaningfully and responsibly.

ENVIRONMENTAL COMPLIANCE

We focus on creating value through our offering of products and services that minimally impact on the environment themselves and reduce environmental impact.

For Affinity Group, we have complied with Indonesian's government regulation (Rule No.: PP-No-101-Tahun-2014 "Management Of Hazardous Wastes and Toxic"). We engaged a certified agent to manage our waste relating to mobile phones and computers according to the regulation.

SUSTAINABILITY REPORT

Per recent circular of the Indian Government, Bharat IT has complied with E-Waste (Management) Rules. In both FY2017 and FY2018, we have enhance our certification with ISO No. ISO/IEC 20000-1:2011, ISO No. ISO/IEC 27001-2013, and ISO No. ISO 9001:2015.

There was no incidence of non-compliance with laws and regulations resulting in significant fines or sanctions in FY2018, and we endeavor to maintain this track record.

SOCIAL

Every employee plays an essential role in our company. We achieve success by promoting a collaborative work environment in which everyone is committed to achieve our corporate goals based on open and honest communications while showing care and support for each other.

Our employees are the drivers of our business and we believe in creating a respectful, rewarding and safe working environment for our people. We support and respect the protection of internationally proclaimed human rights.

We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

The company provides competitive remuneration based on merit to all our employees. Our employees are not covered by collective bargaining agreements, but are given the right to exercise freedom of association.

OCCUPATIONAL HEALTH AND SAFETY

We are also committed to safeguarding our employees' health and safety against any potential workplace hazards. The focus on health and safety is important to the Group. It is not only a fundamental right for our workers to be able to work in a safe environment, but when our employees' wellness is attained, our productivity increases, and our best is given to our customers. By implementing job safety guidelines, we are committed to provide a hazard-free workplace to ensure the wellbeing of both our employees and environment.

We have established a strict set of workplace security and administration policies applicable to all employees of the Group. This policy is to ensure that no untoward incidents in the office premises takes place due to insufficient awareness of security and admin measures implemented at the premises. It covers a standard procedure to identify and report hazards relating to occupational health and safety and ensure that appropriate actions are taken to manage the risks involved, such as office security, emergency procedures, etc. The employees are adequately trained on the policy and procedures and taking safety measures.

In addition, we also have group insurance policies for our staff that is above the required Workman Compensation. This includes Group medical, hospitalization, and personal accident insurance for all staff, travel insurance for all business related travels. We are also certified with BizSafe Level 4 for Workplace Safety and Health (WSH) capabilities.

SUSTAINABILITY REPORT

TRAININGS AND EDUCATION

It is in the interest of the Company that career development programs are set for individual employees on an on-going basis based on their individual needs and goals. In FY2018, Sevak Corporate sent employees to two IT related external trainings and one financial reporting seminar totalling 11.5 hours. In FY2018, Cavu Group has paid for 18 external certification courses of 18 sales and engineering staff to upgrade their skills, with a total of 88 training hours. In Indonesia, most of the trainings in Affinity Group were done by Principal to our employee for new product knowledge, sales program and new regulation related with Principle's business at least once a week for about 1 hours attended by at least 20 staff. For Bharat IT in India, technical skills upgradation was conducted for approximately 100 hours per year per engineer and product training was conducted by Principals approximately 30 hours per year per salesperson. Soft skills training for employees about 8 hours per employee is planned by Bharat IT HR department.

CUSTOMER PRIVACY

The Board is of the view that cyber security and data privacy are important in safeguarding both the Group's data and that of our customers, suppliers, business partners and employees. The Group takes measures to guard against cyber risks, protecting confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised personnel on a need-to-know basis.

Privacy of Customer Communications Policy was designed and incorporated into the Group's Code of Conduct to stress the privacy issue which is paramount importance and is a fundamental requirement in our business. With the advancement of technology, the network of Sevak will have increasingly greater reach and will become more interactive and accessible. While customers welcome "user-friendly" products and services, advances in ease of access may heighten their concerns about privacy.

Our commitment to safeguard the privacy of customer communications takes on an added significance in our business as a data and voice service provider. Each of us must ensure that we meet this commitment. Except as permitted by law and Management of Sevak, any employee must not:

- Disclose customer information or the location of equipment, circuits, trunks or cables to any unauthorized person;
- Tamper with or intrude upon a voice, data and related transmission;
- Listen to or repeat customer's conversations or communications, or permit either to be monitored or recorded;
- Allow access to any communication transmitted by Sevak;
- Install or permit anyone to install any device that enables someone to listen to, observe or determine that a communication has occurred.

In FY2018, there was no complaint received from any customer regarding breach of privacy or loss of customer data.

In Bharat IT, customer feedback was collected through letter of satisfaction from major customers on quality of services provided. Going forward, detailed grade for quality of services provided and concerns or complaints related to breach of privacy/loss or theft of customer data will be incorporated in the letter.

DIVERSITY AND EQUAL OPPORTUNITY

A diverse workforce is an asset in today's ever-changing global marketplace. We cultivate an inclusive culture where employees with wide-ranging backgrounds and qualities are highly motivated, engaged and connected. We do not discriminate one's race, age, gender, religion, ethnicity, disability or nationality and we aim to have zero record of discrimination. We target to have zero instance of discrimination.

SUSTAINABILITY REPORT

Throughout the year, Sevak holds a range of activities to foster team-building such as Town Hall Meetings, Breakfast Session, Yoga Session, Bowling Session, Yacht Party, Respect Month, Open Fasting, Christmas Lunch, Lion Dance, Lohei Session and High Tea. As at 31 December 2018, we had a workforce of 26 (FY2017: 47) employees in SEV and 7 (FY2017:9) employees in Sevak, 38 (FY2017:65) employees in Cavu Group, 1,009 (FY2017:1,107) employees in Affinity Group and 1,081 (FY2017: 1,028) employees in Bharat IT.

SOCIOECONOMIC COMPLIANCE

Sevak is proud to inform that it is in compliance, in all material aspects, with all social, economic, and environmental rules and regulations.

GOVERNANCE

CORPORATE GOVERNANCE

The Board and the Management of Sevak are committed to the best practices in corporate governance to ensure sustainability of the Group's operations. We believe that our constant drive for corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and its value to our shareholders. Please refer to the Annual Report FY2018 pages 15 to 30 for details of the Group's Corporate Governance Report.

RISK MANAGEMENT

The Board is committed to ensuring that the Group has an effective and practical enterprise risk management framework in place to safeguard Shareholders' interests, and the sustainability of the Group as well as provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group. For detailed disclosure on our risk management, please refer to page 24 of our Annual Report FY2018.

BUSINESS ETHICS

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. The Group regularly updates relevant staff with development in international and local regulations.

Ethical business conduct is critical to the business carried on by the Company. Keeping this in mind, the Board of Directors of the Company have adopted the Code of Conduct and Ethics Policy which helps maintain the standards of business conduct for the Company and ensures compliance with the legal requirements.

The purpose of this Code is to enhance further an ethical and transparent process in managing the affairs of the Company and to deter wrong doing. The matters covered in the Code are of utmost importance to the Company, our shareholders and business partners.

The Code of Conduct and Ethic sets out some basic guidelines that are non-negotiable for employees to practice, demonstrate and live during the employment with the company. It comprises of the polices for Reporting of Irregularities, Privacy of Customer Communications, Confidentiality of Company Information, the competitive position of Sevak, Gifts/Entertainment, Outside Employment & Conflict of Interest, etc. It provides the employment standards of integrity that Sevak expects all employees to follow. Compliance with the Code of Conduct is a condition of employment and any violation or non-compliance by any employee may be cause for disciplinary actions, including termination.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited consolidated financial statements of Sevak Limited (formerly known as S i2i Limited) (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2018, and the statement of financial position of the Company as at 31 December 2018.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

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

1 Directors

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

Doraraj S	(Lead Independent Non-Executive Director)
Tushar s/o Pritamlal Doshi	(Independent Non-Executive Director)
Maneesh Tripathi	(Executive Director and Group Chief Executive Officer)
Chada Anitha Reddy	(Non-Independent Non-Executive Director)

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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
Name of Director 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**
Sevak Limited (the Company)		Ordinary shares		
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 2019.

4 Share Options

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

(a) 1999 Sevak 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 Sevak 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) Sevak Restricted Share Plan ("Sevak RSP") and Sevak Performance Share Plan ("Sevak PSP")

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 Share Options (Continued)

(d) Sevak 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 Sevak 1999 Employees' Share Option Scheme and the 1999 Sevak 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 determines 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.

All options granted under ESOP 2014 had lapsed.

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 are under option as at the date of this statement.

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

5 Audit Committee

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

Doraraj S	(Chairman and Lead Independent Director)
Tushar s/o Pritamlal Doshi	(Member and Independent Non-Executive Director)
Chada Anitha Reddy	(Member and Non-Independent Non-Executive Director)

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 2018, as well as the external auditor's report thereon.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5 Audit Committee (Continued)

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, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

....

Maneesh Tripathi
Executive Director and Group Chief Executive Officer

....

Doraraj S
Director

Singapore
14 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVAK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sevak Limited (formerly known as S i2i Limited) (the "Company") and its subsidiaries (the Group) which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVAK LIMITED

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.

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition For the financial year ended 31 December 2018, the Group has recorded revenue amounting to S$281.08 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 when the control of goods has not been transferred to the customers.	**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 tests 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVAK LIMITED

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of inventories We refer to Note 2(k), Note 3(b)(ii) and Note 11 to the financial statements. As at 31 December 2018, the total carrying amount of inventories was S$10.36 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 written 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVAK LIMITED

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Valuation of trade and other receivables and loan receivable We refer to Note 2(j), Note 3(a)(ii), Note 12, Note 13 and Note 23 to the financial statements. As disclosed in Notes 12, 13 and 23 to the consolidated financial statements, the Group assesses periodically and at each financial year end, the expected credit loss associated with its receivables. When there is expected credit loss impairment, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics. The carrying amount of trade and other receivables of the Group was S$17.55 million as at 31 December 2018. We focused on this area because of its significance and the degree of judgement required to estimate the expected credit loss and determining the carrying amount of trade and other receivables as at the reporting date.	**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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVAK LIMITED

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SEVAK LIMITED

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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 Mr. Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
14 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 S$'000	Group 2017 S$'000
Turnover	4	281,079	349,153
Operating expenses			
Purchases and changes in inventories and direct service fees incurred	4(a)	(251,965)	(319,037)
Commissions and other selling expenses		(324)	(288)
Other income – operating	5	4,263	632
Personnel costs	6	(16,021)	(17,531)
Infrastructure costs		(2,596)	(2,732)
Marketing expenses		(1,271)	(1,435)
Other expenses – operating		(11,545)	(6,130)
Other income – non-operating	5	4,405	310
Other expenses – non-operating		–	(223)
Interest income from cash deposits	5	486	652
Finance costs – interest expense		(496)	(351)
Depreciation of property, plant and equipment	17	(1,240)	(898)
Amortisation of intangible assets	19	(5)	(7)
Profit before taxation from continuing operations		4,770	2,115
Loss before taxation from discontinued operations	9	(78)	(191)
Profit before taxation	7	4,692	1,924
Taxation			
From continuing operations	8	(943)	(1,140)
From discontinued operations	9	–	–
Total Taxation		(943)	(1,140)
Net profit after tax for the year			
From continuing operations		3,827	975
From discontinued operations	9	(78)	(191)
Total net profit after tax for the year		3,749	784
Profit attributable to:			
Owners of the parent		3,749	772
Non-controlling interest		–	12
Total		3,749	784
Earnings per share			
From continuing and discontinued operations			
– Basic and diluted (cents per share)	10	30.66	5.79
From continuing operations			
– Basic and diluted (cents per share)	10	31.29	7.23

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	**2017**
	S$'000	**S$'000**
Profit for the year	3,749	784
Other comprehensive (loss)/income, net of income tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(1,568)	(2,666)
Gain recognised in profit or loss upon disposal of foreign subsidiaries	(3,671)	–
Fair value gains recycled to profit or loss on de-recognition	–	(128)
	(5,239)	(2,794)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	200	119
Gain/(loss) on revaluation of property, plant and equipment	117	(32)
	317	87
Other comprehensive loss for the year, net of tax	(4,922)	(2,707)
Total comprehensive loss for the year	(1,173)	(1,923)
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(1,183)	(1,925)
Non-controlling interest	10	2
Total comprehensive loss for the year	(1,173)	(1,923)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 Dec 2018 S$'000	Group 31 Dec 2017 S$'000 (reported under SFRS(I))	Group 1 Jan 2017 S$'000 (reported under SFRS(I))	Company 31 Dec 2018 S$'000	Company 31 Dec 2017 S$'000 (reported under SFRS(I))	Company 1 Jan 2017 S$'000 (reported under SFRS(I))
Assets							
Current assets							
Inventories	11	10,360	19,736	13,800	–	–	–
Trade receivables	12	13,257	10,796	8,712	112	118	113
Other receivables and deposits	13	4,015	7,190	5,930	1,032	1,662	2,280
Prepayments	14	2,986	3,450	3,001	72	15	26
Due from subsidiaries	15	–	–	–	178	58	2,026
Loan receivable	23	–	–	–	–	–	–
Cash and cash equivalents	16	16,377	19,346	20,377	1,424	5,149	6,108
Fixed deposits	16(a)	6,923	2,235	11,148	3,400	–	9,872
Tax recoverable	13	603	195	686	–	–	–
		54,521	62,948	63,654	6,218	7,002	20,425
Non-current assets							
Property, plant and equipment	17	8,885	9,782	4,798	6,949	178	22
Investment properties	18	2,630	2,300	2,434	–	–	–
Intangible assets	19	16	21	3	13	16	3
Investment in subsidiaries	20	–	–	–	25,198	28,366	25,067
Investment in associate	21	–	–	–	–	–	–
Financial assets, at FVPL	22	201	–	–	–	–	–
Available-for-sale financial assets	22(a)	–	–	231	–	–	231
Long-term loans and advances to subsidiaries	24	–	–	–	917	8,247	1,042
Deferred tax assets	25	336	419	438	–	–	–
Trade receivables	12	5	6	81	–	–	–
Other receivables	13	273	113	171	–	–	–
Prepayments	14	95	176	201	–	–	–
Fixed deposits	16(a)	895	705	355	–	–	–
		13,336	13,522	8,712	33,077	36,807	26,365
Total assets		67,857	76,470	72,366	39,295	43,809	46,790

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 Dec 2018 S$'000	Group 31 Dec 2017 S$'000 (reported under SFRS(I))	Group 1 Jan 2017 S$'000 (reported under SFRS(I))	Company 31 Dec 2018 S$'000	Company 31 Dec 2017 S$'000 (reported under SFRS(I))	Company 1 Jan 2017 S$'000 (reported under SFRS(I))
Liabilities							
Current liabilities							
Trade creditors	26	10,563	13,173	6,984	112	109	157
Other creditors and accruals	27	6,309	6,356	7,108	1,335	1,275	1,624
Contract liabilities	4	2,776	2,633	2,806	–	–	–
Lease obligations	28	532	18	18	532	5	–
Loans and bank borrowings	29	2,304	7,344	2,527	–	2,972	–
Due to subsidiaries	15	–	–	–	8,336	6,771	6,957
Tax payable		531	698	787	–	–	–
		23,015	30,222	20,230	10,315	11,132	8,738
Non-current liabilities							
Lease obligations	28	2,197	15	–	2,197	15	–
Provision for employee benefits	35	700	959	995	–	–	–
Contract liabilities	4	17	99	140	–	–	–
Deferred tax liabilities	25	207	60	70	–	–	–
Long-term loans and advances from subsidiaries	15(a)	–	–	–	3,288	–	–
		3,121	1,133	1,205	5,485	15	–
Total liabilities		26,136	31,355	21,435	15,800	11,147	8,738
Equity Attributable to owners of the Company							
Share capital	30	578,249	580,518	580,518	578,249	580,518	580,518
Treasury shares	31	(3,535)	(3,779)	–	(3,535)	(3,779)	–
Accumulated losses	32	(520,824)	(524,758)	(525,891)	(541,354)	(534,342)	(533,809)
Other reserves	33	(4,172)	(4,108)	(3,592)	(9,100)	(8,919)	(8,657)
Translation reserve	34	(7,905)	(2,656)	–	(765)	(816)	–
		41,813	45,217	51,035	23,495	32,662	38,052
Non-controlling interest		(92)	(102)	(104)	–	–	–
Total equity		41,721	45,115	50,931	23,495	32,662	38,052
Total liabilities and equity		67,857	76,470	72,366	39,295	43,809	46,790

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company							
	Share Capital S$'000	Treasury shares S$'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								
2018								
Opening balance at 1 January	580,518	(3,779)	(524,758)	(4,108)	(2,656)	45,217	(102)	45,115
Adjustment on initial application of SFRS(I) 9	–	–	(15)	–	–	(15)	–	(15)
Adjusted opening balance at 1 January	580,518	(3,779)	(524,773)	(4,108)	(2,656)	45,202	(102)	45,100
Profit for the year	–	–	3,749	–	–	3,749	–	3,749
Other comprehensive income/(loss), net of tax	–	–	200	117	(5,249)	(4,932)	10	(4,922)
Total comprehensive income/(loss) for the year	–	–	3,949	117	(5,249)	(1,183)	10	(1,173)
Purchase of treasury shares	–	(2,025)	–	(181)	–	(2,206)	–	(2,206)
Cancellation of Treasury Shares	(2,269)	2,269	–	–	–	–	–	–
Transactions with owners	(2,269)	244	–	(181)	–	(2,206)	–	(2,206)
Closing balance at 31 December	578,249	(3,535)	(520,824)	(4,172)	(7,905)	41,813	(92)	41,721
2017								
Opening balance at 1 January	580,518	–	(525,891)	(3,592)	–	51,035	(104)	50,931
Profit for the year	–	–	772	–	–	772	12	784
Other comprehensive income/(loss), net of tax	–	–	119	(160)	(2,656)	(2,697)	(10)	(2,707)
Total comprehensive income/(loss) for the year	–	–	891	(160)	(2,656)	(1,925)	2	(1,923)
Purchase of treasury shares	–	(3,779)	–	(134)	–	(3,913)	–	(3,913)
Unclaimed dividend distribution	–	–	10	–	–	10	–	10
Transferred to accumulated losses	–	–	232	(222)	–	10	–	10
Transactions with owners	–	(3,779)	242	(356)	–	(3,893)	–	(3,893)
Closing balance at 31 December	580,518	(3,779)	(524,758)	(4,108)	(2,656)	45,217	(102)	45,115

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit before taxation	4,692	1,924
Adjustments for:		
Depreciation and amortisation	1,250	913
Impairment loss on non-trade debts	38	88
(Reversal of)/impairment loss on trade debts, net	(74)	203
Write off/(reversal of) inventory obsolescence, net	5,459	(1,297)
Interest income from cash deposits	(486)	(652)
Gain on revaluation of investment properties	(183)	(94)
Impairment loss on property, plant and equipment	–	64
Gain on disposal of property, plant and equipment	(14)	(26)
Gain on disposal of available-for-sale financial assets	–	(62)
Fair value gains recycled to profit or loss on de-recognition	–	(128)
Gain on disposal of subsidiaries	(4,184)	–
Finance costs	503	368
Unrealised foreign exchange differences	(1,390)	(2,369)
Others	(262)	(18)
Operating cash flows before working capital changes	5,349	(1,086)
Decrease/(increase) in inventories	3,610	(4,495)
Increase in trade receivables	(2,597)	(2,202)
Decrease/(increase) in other receivables and deposits	2,977	(1,427)
Decrease/(increase) in prepayments	505	(423)
(Decrease)/increase in trade creditors	(2,357)	6,189
Increase/(decrease) in other creditors and accruals	454	(642)
Increase/(decrease) in contract liabilities	238	(214)
Cash flows generated from/(used in) operating activities	8,179	(4,300)
Interest paid	(503)	(368)
Income tax paid	(1,250)	(669)
Net cash flows generated from/(used in) operating activities	6,426	(5,337)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group	
	2018	2017
	S$'000	S$'000
Cash flows from Investing Activities		
Interest income received from cash deposits	583	851
Proceeds from disposal of property, plant and equipment	32	446
Purchase of intangible assets	–	(24)
Purchase of property, plant and equipment	(387)	(6,427)
Proceeds from disposal of available-for-sale financial assets	–	250
Outflow (net) consequent to disposal of investment in subsidiaries	(118)	–
Net cash flows generated from/(used in) investing activities	110	(4,904)
Cash Flows from Financing Activities		
Purchase of treasury shares, including incidental costs	(2,205)	(3,913)
Withdrawal/(placement) of cash and bank deposits pledged	2,362	(3,558)
(Repayment)/proceeds of loans and bank borrowings	(2,053)	5,131
Unclaimed dividend distribution	–	11
Repayment of obligations under finance leases	(103)	(30)
Net cash flows used in financing activities	(1,999)	(2,359)
Net increase/(decrease) in cash and cash equivalents	4,537	(12,600)
Cash and cash equivalents at the beginning of the year	14,190	27,342
Effect of exchange rate changes on the balances of cash held in foreign currencies	(265)	(552)
Cash and cash equivalents at the end of the year (Note 16)	18,462	14,190

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

1 General

Sevak Limited (formerly known as 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, distribution of telecommunication handsets, and passenger land transport. 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 2018 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 (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

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

Adoption of SFRS(I)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(a) Basis of Preparation (Continued)

Optional exemptions applied on adoption of SFRS(I)

For first-time adopters, SFRS(I) 1 allows the exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

(a) SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

(b) SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

Under the previous SFRS, 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) to the financial statements.

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.

(c) Cumulative translation differences for all foreign operations are reset to zero as at the date of transition to SFRS(I) on 1 January 2017.

(d) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(e) The Group has elected to apply the requirements in the SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 January 2017. Borrowing costs that were accounted for previously under SFRS prior to the date of transition are not restated.

(f) The Group has elected to apply the exemption to adopt SFRS(I) 2 *Share-based Payment* for equity instruments granted after 7 November 2002 that vested before the date of transition on 1 January 2017. Retrospective application of SFRS(I) 2 is encouraged but not required.

(g) The Group has elected the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the information presented for 2017 is presented, as previously reported, under SFRS *39 Financial Instruments: Recognition and Measurement*. Arising from this election, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures to the extent that the disclosures* as required by SFRS(I) 7 to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(a) Basis of Preparation (Continued)

Optional exemptions applied on adoption of SFRS(I) (Continued)

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

(i) The Group has not restated those completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017;

(ii) for completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;

(iii) for contracts which were modified before 1 January 2017, the Group did not retrospectively restate the contract for those contract modifications; and

(iv) for the year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows are provided in Note 44.

(b) Basis of Consolidation

Subsidiaries are all 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(b) Basis of Consolidation (Continued)

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.

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 SFRS(I) 9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(b) Basis of Consolidation (Continued)

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.

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(e) Foreign Currencies (Continued)

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.

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) to the financial statements. 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

Buildings are initially recorded at cost and are subsequently carried at revalued amounts. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(f) **Property, Plant and Equipment** (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(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.

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

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(h) Intangible Assets (Continued)

(i) Goodwill (Continued)

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.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(h) Intangible Assets (Continued)

(ii) Other intangible assets (Continued)

(a) 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.

(b) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(i) Financial Assets

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

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:

(i) 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 SFRS 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.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) Financial Assets (Continued)

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

(iii) 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) **Financial Assets** (Continued)

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

Classification and measurement

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

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

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

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

Initial recognition

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

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) Financial Assets (Continued)

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

Subsequent measurement

(i) Debt instruments

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

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

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

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other income/other expenses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income", if any.

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income/other expenses", if any.

(ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other income/other expenses", except for those equity securities which are not held for trading which is presented in other comprehensive income. Movements in fair values of investments classified as FVOCI are presented as "gains/losses on fair value changes" in OCI, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(i) **Financial Assets** (Continued)

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

Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings, if any.

(j) **Impairment of Financial Assets**

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

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

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(j) Impairment of Financial Assets (Continued)

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

(i) Financial assets carried at amortised cost (Continued)

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.

(ii) 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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(j) Impairment of Financial Assets (Continued)

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

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

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.

The Group has fully disposed its available-for-sale financial assets as at 31 December 2017.

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

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt financial assets carried at amortised cost and fair value through other comprehensive income (FVOCI). The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(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

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

(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 consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(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.

(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.

(i) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(p) Leases (Continued)

(ii) 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.

(iii) 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.

(iv) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(q) Impairment of Non-financial Assets (Continued)

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 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 internet service provider ("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 the business of battery electric vehicles and passenger land transport. These revenues are categorised into operating segments (Note 38) as detailed in Note 2(u) to the financial statements.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The specific recognition criteria must also be met before revenue is recognised for goods and services sold.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(r) Revenue Recognition (Continued)

Goods and Services Sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for the time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

The Group considers certain services to be a distinct service as it is both regularly supplied by the Group to other customers on a stand-alone basis and is available for customers from other providers in the market. A portion of the transaction price is therefore allocated to the maintenance services based on the stand-alone selling price of those services. Discounts are not considered as they are only given in rare circumstances and are never material. Revenue from the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Financing Component

The Group does not have any significant financing component in its contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(s) Employee Benefits

(i) 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.

(ii) 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.

(iii) 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 7 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 the end of that period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(s) **Employee Benefits** (Continued)

(iii) Employee share incentive plan (Continued)

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.

No options were granted during the financial year ended 31 December 2018 or outstanding as at the date of this report.

(iv) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(t) **Taxes** (Continued)

Deferred tax (Continued)

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(u) Segment Reporting (Continued)

(i) 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. Information and Communication Technologies ("ICT") distribution and managed services, comprising:

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

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

(iii) Networking and routing solutions for large enterprise networks with related switches, monitors, solutions and hardware. Facilities management services;

(iv) Cloud computing and innovative data, security, backup, disaster recovery solutions with related Infrastructure services;

(v) Internet Service Provider ("ISP") service that offers an extensive portfolio of data services includes broadband, lease line access, private network, network security, hosted services and Information Technology ("IT") solutions to corporate users and consumers;

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.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 **Summary of Significant Accounting Policies** (Continued)

(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:

(i) 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

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

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

(b) 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(x) Related Parties (Continued)

(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) Financial Guarantees

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2 Summary of Significant Accounting Policies (Continued)

(z) Treasury Shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount comprising of the consideration paid and any directly attributable incremental cost is presented as two components within equity attributable to the Company's equity holders as treasury shares and other reserves respectively, until they are cancelled, sold or re-issued.

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

When treasury shares are subsequently sold or re-issued, the cost of treasury shares is reversed from the treasury shares and other reserves accounts respectively and the realised gain or loss on sale or re-issue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

(aa) Discontinued Operations

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

i. Represents a separate major line of business or geographical area of operations; or

ii. is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

iii. is a subsidiary acquired exclusively with a view to resale.

When a component of an entity qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2018 are approximately S$8,885,000 and S$6,949,000 (2017: S$9,782,000 and S$178,000; 1 January 2017: S$4,798,000 and S$22,000) 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$125,000 (2017: S$91,000).

(ii) Impairment of loans and receivables

As at 31 December 2018, the Group's trade receivables amounted to S$13,262,000 (2017: S$10,802,000; 1 January 2017: S$8,793,000), net of allowance for impairment, arising from the Group's different revenue segments as disclosed in Note 2(u).

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns for each revenue segment. Within each revenue segment, the Group has common customers across the different geographical regions and applies credit evaluations by customer. Accordingly, management has determined the expected loss rates by grouping the receivables across geographical regions in each revenue segment. An allowance for impairment of S$3,395,000 (2017: S$3,535,000; 1 January 2017: S$3,538,000) for trade receivables was recognised as at 31 December 2018.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. There is no major customer in financial difficulties during the financial year.

The Group's and the Company's credit risk exposure for trade receivables by different revenue segment are set out in Note 40(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Significant Accounting Estimates and Judgements (Continued)

(a) Key Sources of Estimation Uncertainty (Continued)

(iii) Impairment of investment in subsidiaries

The Company follows the guidance of SFRS(I) 1-36 in determining the recoverability of its investment in subsidiaries. The recoverable amount of investment in subsidiaries has been determined based on management's assessment of the fair value of the subsidiaries' assets and liabilities as at the financial year end. The measurement was categorised as a Level 2 fair value, as defined in Note 41 to the financial statements. The significant assumptions used refer to the fair value of the subsidiaries' investment properties and property, plant and equipment (Notes 18 and 17).

(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 41 to the financial statements.

(v) Defined benefits plan

The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. The carrying amount of the Group's employee benefits liabilities as at 31 December 2018 is S$957,000 (2017: S$1,198,000; 1 January 2017: S$1,067,000). Further details are given in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Significant Accounting Estimates and Judgements (Continued)

(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 an allowance of S$73,000 (2017: S$61,000) and wrote off inventories of S$5,990,000 (2017: S$13,000). The carrying amount of the Group's inventories as at 31 December 2018 was S$10,360,000 (2017: S$19,736,000; 1 January 2017: S$13,800,000). The write off of inventories is disclosed and further explained in Note 11 to the financial statements.

(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 2018 were S$531,000 (2017: S$698,000; 1 January 2017: S$787,000), S$603,000 (2017: S$195,000; 1 January 2017: S$686,000), S$336,000 (2017: S$419,000; 1 January 2017: S$438,000) and S$207,000 (2017: S$60,000; 1 January 2017: S$70,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3 Significant Accounting Estimates and Judgements (Continued)

(b) Critical Judgements made in Applying Accounting Policies (Continued)

(iv) Control over PT Technomas Internusa as a subsidiary

Note 20 to the financial statements 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 shareholders of TIN, the Group has the power to direct the relevant activities of TIN based on the extent of managerial involvement and voting rights. Therefore, the directors concluded that it has the practical ability to direct the relevant activities of TIN unilaterally and have exposure to variable returns and hence the Group has control over TIN.

4 Turnover and Contract Liabilities

Turnover comprises the following:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Distribution of operator products and services	225,653	289,145
ICT distribution and managed services	41,345	46,062
Mobile devices distribution and retail	12,492	13,062
Battery electric vehicles/others	1,589	884
	281,079	349,153
Turnover from the sale of goods	274,059	343,166
Turnover from the rendering of services	7,020	5,987
	281,079	349,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 Turnover and Contract Liabilities (Continued)

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time S$'000	Over time S$'000	Total S$'000
2018			
Distribution of operator products and services			
– Indonesia	225,653	–	225,653
	225,653	–	225,653
ICT distribution and managed services			
– Singapore	18,837	4,278	23,115
– India	9,921	8,309	18,230
	28,758	12,587	41,345
Mobile devices distribution and retail			
– Indonesia	12,492	–	12,492
	12,492	–	12,492
Battery electric vehicles/others			
– Singapore	1,589	–	1,589
Total	268,492	12,587	281,079
2017			
Distribution of operator products and services			
– Indonesia	289,144	–	289,144
	289,144	–	289,144
ICT distribution and managed services			
– Singapore	22,554	5,065	27,619
– India	12,029	6,414	18,443
	34,583	11,479	46,062
Mobile devices distribution and retail			
– Indonesia	13,062	–	13,062
	13,062	–	13,062
Battery electric vehicles/others			
– Singapore	885	–	885
Total	337,674	11,479	349,153

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 **Turnover and Contract Liabilities** (Continued)

Revenue from the maintenance services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

Contract balances

	Group		
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Contract liabilities – current			
– ICT managed services	2,675	2,523	2,739
– Others	101	110	67
	2,776	2,633	2,806
Contract liabilities – non-current			
– Others	17	99	140
	2,793	2,732	2,946

Contract liabilities relate to the Group's obligation to perform services to customers for which the Group has received consideration from customers for ICT managed services. Contract liabilities are recognised as revenue as the Group performs under the contract.

Significant changes in the contract liabilities balances during the reporting period are disclosed as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period	(1,882)	(2,202)
Increase due to cash received, excluding amounts recognised as revenue during the year	2,130	2,006
Arising from disposal of subsidiaries (Note 20)	(178)	–
Exchange differences	(9)	(18)

No revenue is recognised during the financial year ended 31 December 2018 from performance obligations satisfied (or partially satisfied) in the previous periods, due to changes in transaction price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4 Turnover and Contract Liabilities (Continued)

Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 is S$5,591,000.

The Group expects to recognise $3,974,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 in the financial year 2019, and $1,617,000 in the financial year 2020 onwards.

As permitted under the transitional provisions in SFRS(I) 15, the transaction price allocated to partially or fully unsatisfied performance obligations as of 31 December 2017 and 1 January 2017 is not disclosed.

4(a) Purchases and Changes in Inventories and Direct Service Fees Incurred

Purchases and changes in inventories and direct service fees incurred comprise the following:

	Group	
	2018 S$'000	2017 S$'000
Distribution of operator products and services	211,851	275,376
ICT distribution and managed services	28,819	32,110
Mobile devices distribution and retail	11,210	11,505
Battery electric vehicles/others	85	46
	251,965	319,037

5 Other Income

	Group	
	2018 S$'000	2017 S$'000
Other income – operating:		
– Rental income	141	108
– Write-back of trade and sundry payables (Note 11)	3,961	374
– Rebates	109	57
– Support service to a related party	6	–
– Others	46	93
	4,263	632
Other income – non-operating:		
– Gain on disposal of available-for-sale financial assets	–	190
– Gain on disposal of property, plant and equipment	14	26
– Gain on disposal of investment in subsidiaries	4,184	–
– Gain on revaluation of investment properties	183	94
– Others	24	–
	4,405	310
Interest income:		
– Fixed deposits	457	574
– Bank balances	10	72
– Others	19	6
	486	652

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

6 Personnel Costs

	Group	
	2018	2017
	S$'000	S$'000
Salaries and allowances	13,852	15,174
Central Provident Fund contributions	1,021	1,057
Defined benefit plan (Note 35)	82	286
Staff welfare	494	602
Insurance	173	158
Other personnel costs	399	254
	16,021	17,531

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

7 Profit before Taxation

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

	Group	
	2018	2017
	S$'000	S$'000
Audit fees paid/payable to:		
– Auditors of the Company	351	371
– Other auditors	90	87
Non-audit fees paid/payable to:		
– Other auditors	3	6
Directors' fees:		
– Directors of the Company	158	158
Other professional fees	1,008	1,265
Equipment rental	250	230
Foreign exchange (gain)/loss	(229)	74
Telecommunication expenses	367	355
Travelling and entertainment	1,432	1,465
Impairment loss on trade debts (Note 40(a) and 12)	–	203
Impairment loss on non-trade debts (Note 40(a) and 13)	38	88
Allowance for inventory obsolescence	73	61
Write-back of allowance for inventory obsolescence (Note 11)	(619)	(1,371)
Write off of inventories (Note 11)	5,990	13
Write off of trade debts	151	52
Write-back of impairment loss on trade debts (Note 40(a))	(226)	–
Gain on revaluation of investment properties	(183)	(94)
Gain on disposal of investment in subsidiaries	(4,184)	–
Interest expense on loans and borrowings	496	351

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 Taxation

Major components of income tax expense

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

	Group	
	2018	2017
	S$'000	S$'000
Consolidated income statement:		
Current income tax		
– Current income taxation	709	1,115
	709	1,115
Deferred income tax (Note 25)		
– Origination and reversal of temporary differences	234	25
Income tax expense	943	1,140

Foreign currency translation gains recognised in profit or loss upon disposal of foreign subsidiaries and fair value gains recycled to profit or loss on de-recognition presented under other comprehensive income have no income tax impact.

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 2018 and 2017 is as follows:

	Group	
	2018	2017
	S$'000	S$'000
Profit before taxation	4,692	1,924
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	1,085	258
Adjustments:		
Tax effect of expenses not deductible for tax purposes#	332	148
Effect of reduction in tax rate	(42)	–
Deferred tax assets not recognised	1,536	836
Utilisation of deferred tax assets previously not recognised	(1,370)	(41)
Income not subject to taxation	(665)	(57)
Others	67	(4)
Income tax expense recognised in the income statement	943	1,140

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

\# The expenses not deductible for tax purposes mainly relate to allowance for inventory obsolescence and impairment loss on non-trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8 Taxation (Continued)

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	
	2018	**2017**
	S$'000	**S$'000**
Estimated unutilised tax losses	139,038	255,229

The unutilised tax losses do not expire except for unutilised tax losses relating to subsidiaries in Indonesia, Thailand, China and United States of America which have expiry periods of between 5 and 20 years. The breakdown of unutilised tax losses that will expire in the next 5 years is as follows:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Expiry dates		
31 December 2018	–	15,070
31 December 2019	2,995	3,959
31 December 2020	3,026	12,311
31 December 2021	1,769	24,617
31 December 2022	724	8,311
31 December 2023	629	–

9 Discontinued Operations

During the current financial year, the Group disposed its 100% interest in MediaRing.com, Inc. ("MRI"). The disposal was completed on 30 June 2018.

During the current financial year, the Group also disposed its 60% interest in Peremex Sdn Bhd ("PSB"), Delteq (M) Sdn Bhd ("DMSB"), Delteq Systems (M) Sdn Bhd ("DSSB"), Centia Technologies Sdn Bhd ("CTSB") and Centia Pte Ltd ("CPL"). The disposals were completed on 31 August 2018.

The disposals were consistent with the Group's plan to divest non-strategic/core and/or loss-making entities 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 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9 Discontinued Operations (Continued)

Analysis of loss for the year from discontinued operations of the following disposed entities:

The combined results of the discontinued operations (PSB, DMBS, DSSB, CTSB, CPL and MRI) included in the consolidated income statement are set out below:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Turnover	622	1,892
Other income – operating	26	14
Purchases and changes in inventories and direct service fees incurred	(279)	(1,235)
Personnel costs	(264)	(540)
Infrastructure costs	(37)	(101)
Marketing expenses	(1)	(1)
Other expenses – operating	(133)	(193)
Other expenses – non-operating	–	(2)
Depreciation of property, plant and equipment	(5)	(8)
Finance costs	(7)	(17)
Loss before tax from discontinued operations	(78)	(191)
Taxation	–	–
Loss for the year from discontinued operations, net of tax	(78)	(191)

Cash flows from discontinued operations:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Net cash outflows from operating activities	(151)	(92)
Net cash outflows from investing activities	(1)	(17)
Net cash outflows	(152)	(109)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 Earnings per Share

	Group	
	2018 Cents per share	2017 Cents per share
Basic and diluted earnings per share:		
From continuing operations	31.29	7.23
From discontinued operations	(0.63)	(1.44)
	30.66	5.79

(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	
	2018 S$'000	2017 S$'000
Net profit attributable to ordinary shareholders for computing basic and diluted earnings per share	3,749	772

	Group	
	2018 '000	2017 '000
Weighted average number of ordinary shares as at 31 December 2018 and 2017 for the purpose of computing the basic earnings per share as disclosed in Note 30	12,228	13,329

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10 Earnings per Share (Continued)

(b) Diluted Earnings per Share (Continued)

	Group	
	2018	2017
	'000	'000
Weighted average number of ordinary shares as at 31 December 2018 and 2017 for the purpose of computing the diluted earnings per share as disclosed in Note 30	12,228	13,329

During the current financial year and since the end of the year, no employees (including senior executives and directors) (2017: Nil) have exercised options to acquire ordinary shares.

11 Inventories

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Inventories	10,360	19,736	13,800	–	–	–

The cost of inventories recognised as an expense in respect of continuing operations amounted to S$249,267,000 (2017: S$316,925,000).

The Group wrote back an allowance for inventories amounting to S$619,000 (2017: S$1,371,000) upon the sale of inventories that allowance thereof had been recognised previously.

During the current financial year, pursuant to an arrangement with one of the Telecom operators ("Operator") in Indonesia, certain inventories valuing S$5,990,000 have been extinguished. Correspondingly, the Operator relinquished its right to certain receivables of S$3,911,000. In addition, a fee of S$2,207,000 was charged to the Operator.

The Group has subjected the inventories amounting to S$4,122,000 (2017: S$6,205,000; 1 January 2017: S$9,119,000) to collateral charge as security for bank facilities (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Trade Receivables

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Non-current						
Trade receivables	5	6	81	–	–	–
Current						
Trade receivables	16,652	14,331	12,250	1,021	1,016	1,079
Less: Allowance for impairment	(3,395)	(3,535)	(3,538)	(909)	(898)	(966)
	13,257	10,796	8,712	112	118	113
Total trade receivables	13,262	10,802	8,793	112	118	113
Add:						
Long-term loans and advances to subsidiaries (Note 24)	–	–	–	917	8,247	1,042
Other receivables and deposits (Note 13)	4,288	7,303	6,101	1,032	1,662	2,280
Cash and cash equivalents (Note 16)	16,377	19,346	20,377	1,424	5,149	6,108
Fixed deposits (Note 16a)	7,818	2,940	11,503	3,400	–	9,872
Due from subsidiaries (Note 15)	–	–	–	178	58	2,026
Total loans and receivables	41,745	40,391	46,774	7,063	15,234	21,441

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. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Allowance for impairment for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL) as disclosed in the accounting policy in Note 2(j). The Group has recognised a loss allowance of 100% against certain receivables over 365 days past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. None of the trade receivables that have been written off is subject to recovery process.

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Trade Receivables (Continued)

The Group's and the Company's movement in credit loss allowance for impairment and credit risk in relation to trade receivables from contracts with customers under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as presented in Note 40(a). The Group's provision for loss allowance is determined based on the default rate by credit rating of customers, obtained from independent credit rating companies.

Receivables pledged as collateral

The Group has pledged trade receivables with a carrying amount of S$590,000 (2017: S$112,000; 1 January 2017: S$259,000) as collateral to secure a subsidiary's bank loans (Note 29).

Previous accounting policy for impairment of trade receivables

Trade receivables that were neither past due nor impaired were creditworthy debtors with a good payment record with the Group and the Company.

As at 31 December 2017, the Group's and the Company's financial assets neither past due nor impaired included trade receivables amounting to S$7,183,000 (1 January 2017: $5,303,000) and S$1,000 (1 January 2017: S$2,000) respectively.

Trade receivables that are past due but not impaired

As at 31 December 2017, the Group and the Company had trade receivables amounting to S$2,903,000 (1 January 2017: S$3,309,000) and S$4,000 (1 January 2017: S$3,000) respectively that were past due at the financial year end but not impaired. These trade receivables were unsecured and the analysis of their ageing at the financial year end was as follows:

	Group		Company	
	2017	1 Jan 2017	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000
Trade receivables past due for:				
Less than 30 days	1,950	1,530	1	1
31 to 60 days	300	439	1	1
61 to 90 days	174	267	1	1
More than 90 days	479	1,073	1	–
	2,903	3,309	4	3

The Group believed that no impairment allowance was necessary in respect of trade receivables not past due or past due up to 6 months. These receivables were mainly arising from customers that had a good credit record with the Group and therefore assessed by management to be of low credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

12 Trade Receivables (Continued)

Previous accounting policy for impairment of trade receivables (Continued)

Trade receivables that are credit-impaired

Trade receivables are credit-impaired when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Group makes an estimation of the expected credit loss of the debtor. The Group considers a financial asset as in default if the counterparty fails to make contractual payments within 180 days when they fall due, and impairs the financial asset based on the estimated expected credit loss. Where receivables are credit-impaired, the Group continues to engage to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

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

	Individually impaired	
	2017	**1 Jan 2017**
	S$'000	**S$'000**
Group		
Trade receivables – nominal amounts	4,251	3,719
Less: Allowance for impairment	(3,535)	(3,538)
	716	181
Company		
Trade receivables – nominal amounts	1,011	1,074
Less: Allowance for impairment	(898)	(966)
	113	108

Allowance for expected credit loss impairment is recognised based on management's best estimation of the amounts that may not be recoverable.

Movement in the allowance account:

	Group	**Company**
	Individually impaired	
	2017	**2017**
	S$'000	**S$'000**
At the beginning of the year	3,538	966
Charge for the year	203	–
Write-back	–	(12)
Exchange differences	(206)	(56)
At the end of the year	3,535	898

During the previous financial year, the Company wrote back an allowance of S$12,000 upon the collection of debts that were previously provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 Other Receivables, Deposits and Tax Recoverable

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Other receivables and deposits						
Current						
Other receivables						
– Third parties	4,630	6,871	5,626	953	931	1,734
– Related parties	498	842	907	498	842	907
	5,128	7,713	6,533	1,451	1,773	2,641
Less: Allowance for impairment	(1,720)	(1,665)	(1,635)	(809)	(807)	(811)
	3,408	6,048	4,898	642	966	1,830
Deposits	567	1,006	696	382	674	359
Interest receivable	40	136	336	8	22	91
	4,015	7,190	5,930	1,032	1,662	2,280
Non-current						
Other receivables	273	113	171	–	–	–
Total other receivables and deposits	4,288	7,303	6,101	1,032	1,662	2,280
Tax recoverable						
Current	603	195	686	–	–	–

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.

For the purpose of impairment assessment, the Group has recognised a loss allowance of 100% against certain receivables over 365 days past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable. The deferred sale proceeds and other receivables are considered to have low credit risk as at 31 December 2018 as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit loss (ECL) which reflects the low credit risk of the exposures. There is no allowance for impairment arising from these net outstanding balances as the expected credit losses are not material. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred sale proceeds and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13 Other Receivables, Deposits and Tax Recoverable (Continued)

The Group's and the Company's movement in credit loss allowance for impairment and credit risk in relation to other receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as presented in Note 40(a). The Group's provision for loss allowance is determined based on the default rate by credit rating of customers, obtained from independent credit rating companies.

Previous accounting policy for impairment of other receivables

As at 31 December 2017, the Group's and the Company's other receivables and deposits that were neither past due nor impaired amounted to S$4,302,000 (1 January 2017: S$3,166,000) and S$701,000 (1 January 2017: S$1,292,000) respectively.

As at 31 December 2017, the Group's and the Company's other receivables and deposits (excluding advances paid to suppliers of S$193,000 (1 January 2017: S$246,000) that were past due but not impaired amounted to S$2,005,000 (1 January 2017: S$1,902,000) and S$961,000 (1 January 2017: S$988,000) respectively.

The Group believed that no impairment allowance was necessary in respect of other receivables and deposits past due up to 6 months. These receivables were mainly arising from parties that had a good credit record with the Group and therefore assessed by management to be of low credit risk.

Other receivables past due but not impaired

The analysis of the ageing of other receivables and deposits at the financial year end was as follows:

	Group		Company	
	2017 S$'000	1 Jan 2017 S$'000	2017 S$'000	1 Jan 2017 S$'000
Other receivables and deposits past due for:				
Less than 30 days	70	49	–	–
31 to 60 days	3	3	–	–
61 to 90 days	1	70	–	–
More than 90 days	1,931	1,780	961	988
	2,005	1,902	961	988

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13 Other Receivables, Deposits and Tax Recoverable (Continued)

Previous accounting policy for impairment of other receivables (Continued)

Other receivables that are credit-impaired

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

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

	Group Individually impaired		Company Individually impaired	
	2017 S$'000	1 Jan 2017 S$'000	2017 S$'000	1 Jan 2017 S$'000
Other receivables – nominal amounts	2,468	2,422	807	811
Less: Allowance for impairment	(1,665)	(1,635)	(807)	(811)
	803	787	–	–

Movement in the allowance account:

	Group	Company
	Individually impaired	
	2017 S$'000	2017 S$'000
At the beginning of the year	1,635	811
Charge for the year	88	56
Exchange differences	(58)	(60)
At the end of the year	1,665	807

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14 Prepayments

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Current						
Other prepaid expenses	2,264	2,948	1,897	72	15	26
Prepaid selling expenses	722	502	1,104	–	–	–
	2,986	3,450	3,001	72	15	26
Non-current						
Other prepaid expenses	95	176	201	–	–	–
Total prepayments	3,081	3,626	3,202	72	15	26

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

15 Due from/(to) Subsidiaries

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of S$2,765,000 (2017: S$20,591,000; 1 January 2017: S$22,460,000).

The net amounts due to subsidiaries are trade payables of S$3,849,000 (2017: S$3,968,000; 1 January 2017: S$3,968,000) and non-trade payables of S$4,309,000 (2017: S$2,745,000; 1 January 2017: S$963,000) in nature, repayable on demand, unsecured, interest-free and to be settled in cash.

Movement in the allowance account:

	Company	
	2018	2017
	S$'000	S$'000
At the beginning of the year	20,591	22,460
Charge for the year	354	122
Write-back	–	(285)
Write back consequent to disposal of subsidiaries	(18,595)	–
Exchange differences	415	(1,706)
At the end of the year	2,765	20,591

15(a) Long-Term Loans and Advances from Subsidiaries

During the financial year, the amounts due to subsidiaries amounting to S$3,164,000 were converted to long term unsecured loans. The loans bear interest of 3.5% per annum (2017: Nil; 1 January 2017: Nil), and will mature on 31 December 2024. The loan amount at the end of the year was S$3,288,000 (2017: Nil; 1 January 2017: Nil).

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16 Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Fixed deposits	6,979	8,796	11,045	–	4,575	4,913
Cash and bank balances	9,398	10,550	9,332	1,424	574	1,195
	16,377	19,346	20,377	1,424	5,149	6,108
Less: Cash and bank deposits pledged	(2,488)	(5,778)	(2,907)	–	(3,233)	–
Add: Unpledged fixed deposits (Note 16(a))	4,573	622	9,872	3,400	–	9,872
Cash and cash equivalents per statement of cash flows	18,462	14,190	27,342	4,824	1,916	15,980

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 0.93% to 9.25% (2017: 0.25% to 9.0%; 1 January 2017: 0.20% to 8.8%) per annum. The maturity dates are between 1 January 2019 to 30 March 2019 (2017: between 1 January 2018 and 24 March 2018; 1 January 2017: between 9 January 2017 and 23 March 2017).

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0.05% to 6.5% (2017: 0.05% to 6.5%; 1 January 2017: 0.05% to 2.75%) per annum.

Fixed deposits of S$2,488,000 (2017: S$5,778,000; 1 January 2017: S$2,907,000) are pledged as security for trust receipts, bank guarantees, standby letters of credit and other bank services.

Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents are presented net of pledged fixed deposits.

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16(a) Fixed Deposits

Fixed deposits comprise the following:

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Fixed deposits:						
– mature within one year	6,923	2,235	11,148	3,400	–	9,872
– mature after one year	895	705	355	–	–	–
	7,818	2,940	11,503	3,400	–	9,872
Less: Fixed deposits pledged						
– mature within one year	(2,350)	(1,613)	(1,276)	–	–	–
– mature after one year	(895)	(705)	(355)	–	–	–
	(3,245)	(2,318)	(1,631)	–	–	–
Unpledged fixed deposits (Note 16)	4,573	622	9,872	3,400	–	9,872

Fixed deposits with financial institutions mature in varying periods from the financial year end.

Mature within one year

Fixed deposits earn interest at the effective interest rates ranging from 5.5% to 8.85 % (2017: 6.25% to 8.75%; 1 January 2017: 6.75% to 9.25%) per annum. The maturity dates are between 5 January 2019 to 29 December 2019 (2017: between 5 April 2018 and 24 December 2018; 1 January 2017: between 6 April 2017 and 31 December 2017).

Mature after one year

Fixed deposits earn interest at the effective interest rates ranging from 6% to 9.25% (2017: 5.97% to 9.0%; 1 January 2017: 6.12% to 9.0%) per annum. The maturity dates are between 8 January 2020 to 4 June 2024 (2017: between 5 January 2019 and 4 November 2022; 1 January 2017: between 7 February 2018 and 22 February 2022).

Fixed deposits of S$3,245,000 (2017: S$2,318,000; 1 January 2017: S$1,631,000) are pledged as security for bank guarantees for projects undertaken in India.

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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								
2018								
Cost or valuation								
At 1 January	187	17,853	1,307	3,071	457	2,075	4,778	29,728
Additions	44	357	20	122	3	–	159	705
Arising from disposal of subsidiaries	(23)	(1,763)	(482)	–	(84)	–	–	(2,352)
Revaluation (Note 33(b))	–	–	–	–	–	(255)	–	(255)
Reclassified to Investment Properties (Note 18)	–	–	–	–	–	(376)	–	(376)
Disposals/write-offs	–	–	(1)	(27)	–	–	–	(28)
Translation differences	(49)	106	7	(110)	(5)	(74)	(3)	(128)
Reclassification	–	–	–	4,757	–	–	(4,757)	–
At 31 December	159	16,553	851	7,813	371	1,370	177	27,294
Comprising:								
Cost	159	16,553	851	7,813	371	–	177	25,924
Valuation	–	–	–	–	–	1,370	–	1,370
At 31 December	159	16,553	851	7,813	371	1,370	177	27,294
Accumulated depreciation								
At 1 January	128	17,442	1,158	397	345	343	–	19,813
Depreciation charge for the year	19	317	64	658	77	110	–	1,245
Arising from disposal of subsidiaries	(19)	(1,768)	(476)	–	(70)	–	–	(2,333)
Revaluation (Note 33(b))	–	–	–	–	–	(372)	–	(372)
Reclassified to Investment Properties (Note 18)	–	–	–	–	–	(89)	–	(89)
Disposals/write-offs	–	–	(1)	(16)	–	–	–	(17)
Translation differences	(8)	97	(24)	(33)	(11)	8	–	29
At 31 December	120	16,088	721	1,006	341	–	–	18,276
Accumulated impairment								
At 1 January and 31 December	6	6	9	–	13	99	–	133
Net carrying amount								
At 31 December	33	459	121	6,807	17	1,271	177	8,885

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17 Property, Plant and Equipment (Continued)

	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								
2017								
Cost or valuation								
At 1 January	1,795	18,646	844	523	804	2,645	1,339	26,596
Additions	12	177	88	1,345	36	–	4,814	6,472
Revaluation (Note 33(b))	–	–	–	–	–	(74)	–	(74)
Reclassified from Investment Properties (Note 18)	–	–	–	–	–	98	–	98
Disposals/write-offs	(1,572)	(56)	(28)	(60)	(364)	(497)	–	(2,577)
Translation differences	(52)	(914)	403	(32)	(19)	(159)	(14)	(787)
Reclassification	4	–	–	1,295	–	62	(1,361)	–
At 31 December	187	17,853	1,307	3,071	457	2,075	4,778	29,728
Comprising:								
Cost	187	17,853	1,307	3,071	457	–	4,778	27,653
Valuation	–	–	–	–	–	2,075	–	2,075
At 31 December	187	17,853	1,307	3,071	457	2,075	4,778	29,728
Accumulated depreciation								
At 1 January	1,729	18,162	715	223	573	362	–	21,764
Depreciation charge for the year	25	228	63	264	165	161	–	906
Revaluation (Note 33(b))	–	–	–	–	–	(42)	–	(42)
Disposals/write-offs	(1,572)	(49)	(25)	(37)	(364)	(110)	–	(2,157)
Translation differences	(54)	(899)	405	(53)	(29)	(28)	–	(658)
At 31 December	128	17,442	1,158	397	345	343	–	19,813
Accumulated impairment								
At 1 January	6	6	8	–	14	–	–	34
Impairment charge for the year	–	–	–	–	–	64	–	64
Translation differences	–	–	1	–	(1)	35	–	35
At 31 December	6	6	9	–	13	99	–	133
Net carrying amount								
At 31 December	53	405	140	2,674	99	1,633	4,778	9,782
At 1 January	60	478	121	300	217	2,283	1,339	4,798

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17 Property, Plant and Equipment (Continued)

Depreciation is breakdown into:

	Group	
	2018	**2017**
	S$'000	**S$'000**
Continuing operations	1,240	898
Discontinued operations (Note 9)	5	8
	1,245	906

The Group has engaged an independent external valuer to assess the valuation of buildings in Indonesia for the financial year ended 31 December 2018. Impairment charge for the year of Nil (2017: S$64,000) is made on certain buildings where the fair values are lower than the costs of these buildings.

Work in progress

Work in progress assets amounting to S$177,000 (2017: S$4,778,000; 1 January 2017: S$1,339,000) 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 2018 was S$4,672,000 (2017: S$49,000; 1 January 2017: S$286,000) and S$4,672,000 (2017: S$15,000; 1 January 2017: Nil) for the Group and the Company respectively. The leased assets have been pledged as security for the related finance liability.

Impairment of assets

During the previous financial year, an impairment loss of S$64,000 representing the write-down on the fair value of property, plant and equipment was recognised in the consolidated income statement (2018: Nil).

Buildings at fair value

The fair value of the Group's buildings as at 31 December 2018 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.

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17 Property, Plant and Equipment (Continued)

Buildings at fair value (Continued)

Details of the Group's buildings and information about the fair value hierarchy (Note 41) are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2018				
Office buildings – Indonesia	–	1,271	–	1,271
2017				
Office buildings – Indonesia	–	1,633	–	1,633
1 Jan 2017				
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	
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Buildings			
– Cost	1,353	1,658	2,006
– Accumulated depreciation and impairment	(539)	(581)	(601)
– Net carrying amount	814	1,077	1,405

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17 Property, Plant and Equipment (Continued)

Buildings at fair value (Continued)

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles S$'000	Work in progress S$'000	Total S$'000
Company						
2018						
Cost						
At 1 January	–	4,684	213	153	–	5,050
Additions	1	2	–	77	41	121
Translation differences	–	95	4	(62)	(1)	36
Intercompany transfer	–	–	–	6,805	137	6,942
At 31 December	1	4,781	217	6,973	177	12,149
Accumulated depreciation						
At 1 January	–	4,665	190	17	–	4,872
Depreciation charge for the year	–	11	11	211	–	233
Translation differences	–	94	4	(3)	–	95
At 31 December	–	4,770	205	225	–	5,200
Net carrying amount						
At 31 December	1	11	12	6,748	177	6,949
2017						
Cost						
At 1 January	–	5,057	196	–	–	5,253
Additions	–	13	33	154	–	200
Disposals	–	(1)	–	–	–	(1)
Translation differences	–	(385)	(16)	(1)	–	(402)
At 31 December	–	4,684	213	153	–	5,050
Accumulated depreciation						
At 1 January	–	5,036	195	–	–	5,231
Depreciation charge for the year	–	14	10	17	–	41
Disposals	–	(1)	–	–	–	(1)
Translation differences	–	(384)	(15)	–	–	(399)
At 31 December	–	4,665	190	17	–	4,872
Net carrying amount						
At 31 December	–	19	23	136	–	178
At 1 January	–	21	1	–	–	22

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18 Investment Properties

	Group		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
At fair value			
Balance at beginning of year	2,300	2,434	–
Transferred from/(to) property, plant and equipment (Note 17)	287	(98)	2,434
Gain from fair value adjustment	183	94	–
Translation differences	(140)	(130)	–
Balance at end of year	2,630	2,300	2,434

The fair value of the Group's investment properties as at 31 December 2018 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
2018				
Commercial property – Indonesia	–	2,630	–	2,630
2017				
Commercial property – Indonesia	–	2,300	–	2,300
1 Jan 2017				
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	
	2018 S$'000	2017 S$'000
Rental income	141	108
Direct operating expenses arising from investment properties that generated rental income	104	111

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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								
2018								
Cost								
At 1 January	129,852	26,351	53	631	53,420	1,131	3,587	215,025
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	1,772	45	–	–	–	–	72	1,889
At 31 December	131,624	26,391	53	631	53,420	1,131	3,659	216,909
Accumulated amortisation and impairment								
At 1 January	129,852	26,330	53	631	53,420	1,131	3,587	215,004
Amortised during the year	–	5	–	–	–	–	–	5
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	1,772	45	–	–	–	–	72	1,889
At 31 December	131,624	26,375	53	631	53,420	1,131	3,659	216,893
Net carrying amount								
At 31 December	–	16	–	–	–	–	–	16
2017								
Cost								
At 1 January	134,179	26,537	53	631	53,420	1,131	3,882	219,833
Additions	–	24	–	–	–	–	–	24
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	(4,327)	(205)	–	–	–	–	(295)	(4,827)
At 31 December	129,852	26,351	53	631	53,420	1,131	3,587	215,025
Accumulated amortisation and impairment								
At 1 January	134,179	26,534	53	631	53,420	1,131	3,882	219,830
Amortised during the year	–	7	–	–	–	–	–	7
Disposals	–	(5)	–	–	–	–	–	(5)
Translation differences	(4,327)	(206)	–	–	–	–	(295)	(4,828)
At 31 December	129,852	26,330	53	631	53,420	1,131	3,587	215,004
Net carrying amount								
At 31 December	–	21	–	–	–	–	–	21
At 1 January	–	3	–	–	–	–	–	3

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19 Intangible Assets (Continued)

The Group has fully impaired the goodwill and intangible assets, except for S$16,000 (2017: S$21,000; 1 January 2017: S$3,000) relating to licensing.

The remaining amortisation period as at 31 December 2018 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			
2018			
Cost			
At 1 January	2,347	3,421	5,768
Translation differences	47	239	286
At 31 December	2,394	3,660	6,054
Accumulated amortisation and impairment			
At 1 January	2,331	3,421	5,752
Amortised during the year	4	–	4
Translation differences	46	239	285
At 31 December	2,381	3,660	6,041
Net carrying amount			
At 31 December	13	–	13
2017			
Cost			
At 1 January	2,520	3,702	6,222
Additions	19	–	19
Translation differences	(192)	(281)	(473)
At 31 December	2,347	3,421	5,768
Accumulated amortisation and impairment			
At 1 January	2,517	3,702	6,219
Amortised during the year	6	–	6
Translation differences	(192)	(281)	(473)
At 31 December	2,331	3,421	5,752
Net carrying amount			
At 31 December	16	–	16
At 1 January	3	–	3

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20 Investment in Subsidiaries

	Company		
	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000
Unquoted equity shares, at cost	298,091	314,072	314,072
Less: Allowance for impairment	(272,893)	(285,706)	(289,005)
	25,198	28,366	25,067

Movement in the allowance account:

	Company	
	2018	2017
	S$'000	S$'000
At the beginning of the year	285,706	289,005
Charge for the year	3,837	–
Write-back	(669)	(3,299)
Disposal of subsidiaries	(15,981)	–
At the end of the year	272,893	285,706

On 30th June 2018, the Group disposed its 100% investment in Mediaring.com Inc ("MRUS") and on 31 August 2018, the Group disposed its 60% investment in Peremex Sdn Bhd ("PSB"), Delteq (M) Sdn Bhd ("DMSB"), Delteq Systems (M) Sdn Bhd ("DSSB"), Centia Technologies Sdn Bhd ("CTSB") and Centia Pte Ltd ("CPL"), collectively called the Cavu target companies.

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20 Investment in Subsidiaries (Continued)

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

	MRUS S$'000	Cavu target companies S$'000	Total S$'000
Consideration received in cash and cash equivalents	*	121	121
Deferred sales proceeds not received as at year end	–	181	181
Total consideration received	*	302	302
Inventories	–	53	53
Trade receivables, current	–	231	231
Other receivables and deposits, current	–	93	93
Prepayments	–	96	96
Cash and cash equivalents	–	239	239
Property, plant and equipment	–	19	19
Trade creditors	–	(280)	(280)
Other creditor and accruals, current	(10)	(271)	(281)
Contract liabilities	–	(178)	(178)
Net (liabilities)/assets disposed of	(10)	2	(8)
Total consideration received	*	302	302
Fair value of residual interest of 40%	–	201	201
Net liabilities/(assets) disposed of	10	(2)	8
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of the control of the subsidiary (Note 34)	3,733	(60)	3,673
Gain on disposal of subsidiaries	3,743	441	4,184

The aggregate cash outflow arising from disposal of subsidiaries:

	MRUS S$'000	Cavu target companies S$'000	Total S$'000
Consideration received in cash and cash equivalents	*	121	121
Cash and cash equivalents balances disposed of	–	(239)	(239)
Aggregate cash outflow arising from disposal of subsidiaries	*	(118)	(118)

* Amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

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20 Investment in Subsidiaries (Continued)

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 2018 %	2017 %	1 Jan 2017 %
Held by the Company					
MediaRing.com, Inc	To market and sell telecommunication services	USA	–	100	100
Singapore Electric Vehicles Pte Ltd[c]	Passenger land transport, motor vehicles dealership and retail of spare parts and accessories for vehicles	Singapore	100	100	100
MediaRing (Europe) Limited[e]	Dormant	United Kingdom	100	100	100
Alpha One Limited[g]	To market and sell telecommunication services	Hong Kong	100	100	100
Cavu Corp Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	100	100	100
Bharat IT Services Limited[a]	To supply, rent, maintain and service computer hardware	India	100	100	100
Spice-CSL Pte Ltd[c]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Singapore	100	100	100
Spice International Sdn. Bhd.[a]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories, computer and electronic equipment and consultancy services	Malaysia	100	100	100

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by the Company (Continued)					
Newtel Corporation Company Limited[h]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	100	100	100
Maxworld Asia Limited[b]	Investment holding	British Virgin Islands	100	100	100
Bigstar Development Limited[b]	Investment holding	British Virgin Islands	100	100	100
Affinity Capital Pte. Ltd[c]	Investment holding and distributor of handphone	Singapore	100	100	100
PT. Selular Media Infotama[a]	Retail and distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	99.98	99.98	99.98
CSL Multimedia Sdn. Bhd[a]	Trading of portable computers and computer accessories	Malaysia	100	100	100
CSL Mobile Care Sdn Bhd[a]	Repairing and maintenance of mobile phones	Malaysia	100	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	51
CSL Communication (Shenzhen) Co. Ltd (China)[f]	Trading of mobile handsets	People's Republic of China	51	51	51

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
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	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	100
Centia Pte Ltd	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	–	100	100
Peremex Sdn Bhd	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	100
Held by Peremex Pte Ltd					
Peremex Computer Systems Private Limited[i]	To supply, rent, maintain and service computer hardware and peripheral equipment	India	–	100	100
Held by Centia Pte Ltd					
Centia Technologies Sdn Bhd	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	–	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by subsidiaries (Continued)					
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	100
Delteq Systems (M) Sdn Bhd	To market computer software and render computer related services	Malaysia	–	100	100
Held by Delteq Systems (M) Sdn Bhd					
Delteq (M) Sdn Bhd	To market computer hardware and software and render computer related services	Malaysia	–	100	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	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	99.99

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by subsidiaries (Continued)					
Held by PT. Selular Media Infotama					
PT. Metrotech Jaya Komunika Indonesia[(a)]	Distributor of telecommunication equipment	Indonesia	99.78	99.78	99.78
PT Technomas Internusa[(a),(j)]	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	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 SSV Audit
(i) Peremex Computer Systems Private Limited has been struck off on the website of Ministry of Corporate Affairs of India during the year
(j) Refer to Note 3(b)(iv) for the assessment of control over PT Technomas Internusa

Impairment testing of investment in subsidiaries

An impairment loss was recognised for the financial year ended 31 December 2018 amounting to S$3,837,000 (2017: Impairment loss of Nil). The recoverable amount of the investment has been determined based on management's assessment of the fair value of the subsidiaries' assets and liabilities as at the financial year end. The measurement was categorised as a Level 2 fair value, as defined in Note 41 to the financial statements. The significant assumptions used refer to the fair value of the subsidiaries' investment properties and property, plant and equipment (Notes 18 and 17).

During the current financial year, the Company has written back impairment losses of S$669,000 (2017: S$3,299,000) based on the recoverable amount of one of its subsidiaries. The recoverable amount of the investment was based on its value in use. In assessing value in use, the estimated future cash flows expected to be generated by the subsidiary 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 risk specific to the asset.

Non-controlling interests

There are no material non-controlling interests of non-wholly-owned subsidiaries to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21 Investment in Associate

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Unquoted shares, at cost	64	63	68	64	63	68
Share of post-acquisition reserves	(64)	(63)	(68)	(64)	(63)	(68)
Carrying amount of investments	–	–	–	–	–	–

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Held by the Company					
Vipafone (Proprietary) Limited[(a)]	To market and sell telecommunication services	South Africa	40	40	40

(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 exceeds the Group's interest in this associate as the Group has no obligation in respect of these losses. Based on the information available to the Group, the Group's cumulative unrecognised losses in Vipafone (Proprietary) Limited is not material.

22 Financial Assets, at FVPL

	Group	
	2018 S$'000	2017 S$'000
Unquoted equity investments (held for trading)	201	–

During the current financial year, the Group disposed 60% of its interest in Peremex Sdn Bhd ("PSB"), Delteq (M) Sdn Bhd ("DMSB"), Delteq Systems (M) Sdn Bhd ("DSSB"), Centia Technologies Sdn Bhd ("CTSB") and Centia Pte Ltd ("CPL"). The partial disposal resulted in the Group losing control and significant influence over the subsidiaries. The fair value of the remaining 40% shares in these disposed entities turned financial assets, at FVPL amounted to S$201,000. The fair value measurement is classified within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22(a) Available-for-sale Financial Assets

	Group and Company	
	2018	2017
	S$'000	S$'000
Quoted equity investment		
At beginning of the year	–	231
Disposal	–	(231)
At end of the year	–	–

The fair value of the quoted equity investment was determined directly by reference to its published market bid price on 1 January 2017. The fair value measurement is classified within Level 1 of the fair value hierarchy.

The Group has fully disposed its available-for-sale financial assets in the previous financial year ended 31 December 2017 for a consideration of S$250,000.

23 Loan Receivable

	Group and Company		
	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000
Third party	1,838	1,838	1,838
Less: Allowance for impairment	(1,838)	(1,838)	(1,838)
	–	–	–

Movement in the allowance account:

	Group and Company	
	2018	2017
	S$'000	S$'000
At the beginning and the end of the year	1,838	1,838

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24 Long-term Loans and Advances to Subsidiaries

	Company		
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Long-term loans and advances treated as part of net investment in subsidiaries	21,803	48,231	52,222
Long-term loans to subsidiaries	47,578	53,139	43,998
Less: Allowance for impairment	(68,464)	(93,123)	(95,178)
	917	8,247	1,042

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 between 4% to 5% (2017: 4% and 5%; 1 January 2017: 5%) per annum and have fixed repayment terms of between 2 and 7 years (2017: 2 and 7 years; 1 January 2017: 7 years). The contractual undiscounted cash flows for long-term loans to subsidiaries amounted to S$1,039,000 (2017: S$8,812,000; 1 January 2017: S$1,318,000).

For the purpose of impairment assessment, expected credit losses (ECL) are recognised in two stages. For credit exposures for which there has not been a significant increase in the risk of default since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit loss which reflects the low credit risk of the exposures. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and estimated the probability of default of the amounts due from subsidiaries as well as the loss upon default and recognised a loss allowance of 100% against certain receivables for which there has been a significant increase in credit risk since initial recognition. There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

Movement in the allowance account:

	Company	
	2018	**2017**
	S$'000	**S$'000**
At the beginning of the year	93,123	95,178
Charge for the year	762	988
Disposal of subsidiaries	(27,400)	–
Exchange differences	1,979	(3,043)
At the end of the year	68,464	93,123

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25 Deferred Income Tax

	Provisions S$'000	Group Revaluation gain on property, plant and equipment S$'000	Total S$'000
Deferred tax assets/(liabilities)			
2018			
At 1 January	419	(60)	359
Adjustment on initial application of SFRS(I) 9	7	–	7
Adjusted at 1 January	426	(60)	366
Charged to the income statement (Note 8)	(68)	(166)	(234)
Charged to the comprehensive income	–	11	11
Exchange differences	(22)	8	(14)
At 31 December	336	(207)	129
2017			
At 1 January	438	(70)	368
Charged to the income statement (Note 8)	(25)	–	(25)
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 32)	–	10	10
Exchange differences	6	–	6
At 31 December	419	(60)	359

Deferred tax liabilities are to be settled after one year.

	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Deferred tax assets:			
– to be recovered within one year	60	87	96
– to be recovered after one year	276	332	342
	336	419	438

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26 Trade Creditors

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Trade creditors	10,563	13,173	6,984	112	109	157
Add:						
Other creditors and accruals (excluding employee benefit obligation) (Note 27)	6,052	6,117	7,036	1,335	1,275	1,624
Lease obligations (Note 28)	2,729	33	18	2,729	20	–
Loans and bank borrowings (Note 29)	2,304	7,344	2,527	–	2,972	–
Due to subsidiaries (Note 15)	–	–	–	8,336	6,771	6,957
Long-term loans and advances from subsidiaries (Note 15(a))	–	–	–	3,288	–	–
Total financial liabilities carried at amortised cost	21,648	26,667	16,565	15,800	11,147	8,738

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

27 Other Creditors and Accruals

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Amounts due to related parties	8	192	191	8	29	31
Other creditors	2,093	2,022	1,624	370	474	519
Employee benefit obligation (Note 35)	257	239	72	–	–	–
Accrued operating expenses	3,742	3,662	4,943	957	763	1,009
Deposits received	209	232	278	–	–	65
Accrued interest	–	9	–	–	9	–
	6,309	6,356	7,108	1,335	1,275	1,624

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

Included in the Group's and the Company's accrued operating expenses are sundry accruals amounting to S$2,917,000 (2017: S$2,899,000; 1 January 2017: S$3,895,000) and S$957,000 (2017: S$763,000; 1 January 2017: S$978,000) 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28 Lease Obligations

The Group has finance leases for office 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 3.29% (2017: 4.28%; 1 January 2017: 9%) per annum.

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

	2018		2017		1 Jan 2017	
	Minimum lease payments S$'000	Present value of minimum lease payments S$'000	Minimum lease payments S$'000	Present value of minimum lease payments S$'000	Minimum lease payments S$'000	Present value of minimum lease payments S$'000
Group						
Not later than one year	614	532	19	18	18	18
Later than one year but not later than five years	2,340	2,197	16	15	–	–
Later than five years	–	–	–	–	–	–
Total minimum lease payments	2,954	2,729	35	33	18	18
Less: Amounts representing finance charges	(225)	–	(2)	–	*	–
Present value of minimum lease payments	2,729	2,729	33	33	18	18
Company						
Not later than one year	614	532	6	5	–	–
Later than one year but not later than five years	2,340	2,197	16	15	–	–
Later than five years	–	–	–	–	–	–
Total minimum lease payments	2,954	2,729	22	20	–	–
Less: Amounts representing finance charges	(225)	–	(2)	–	–	–
Present value of minimum lease payments	2,729	2,729	20	20	–	–

* Amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29 Loans and Bank Borrowings

	Group 2018 S$'000	Group 2017 S$'000	Group 1 Jan 2017 S$'000	Company 2018 S$'000	Company 2017 S$'000	Company 1 Jan 2017 S$'000
Loans and bank borrowings	2,304	7,344	2,527	–	2,972	–

The loans of the Group bear an interest rate of between 8.7% and 11% (2017: 5% and 11%; 1 January 2017: 3% to 11%) per annum and are repayable within the next 12 months.

Loans amounting to S$2,304,000 (2017: S$4,372,000; 1 January 2017: S$2,527,000) are secured over a subsidiary's trade receivables (Note 12) and inventories (Note 11). Repayment of these loans is due on demand.

The reconciliation of movements of liabilities to cash flow arising from financing activities is presented below:

		Cash flows		Non-cash changes			
	1 January S$'000	Proceeds S$'000	Repayments S$'000	Reclassification S$'000	Plant and equipment S$'000	Exchange differences S$'000	31 December S$'000
2018							
Loans and bank borrowings	7,344	118,957	(121,010)	(2,799)	–	(188)	2,304
Lease obligations	33	–	(103)	2,799	–	–	2,729
	7,377	118,957	(121,113)	–	–	(188)	5,033
2017							
Loans and bank borrowings	2,527	148,020	(142,889)	–	–	(314)	7,344
Lease obligations	18	–	(30)	–	45	–	33
	2,545	148,020	(142,919)	–	45	(314)	7,377

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30 Share Capital

	Group and Company			
	2018		2017	
	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	580,518	13,712	580,518
Cancellation of treasury shares	(696)	(2,269)	–	–
At the end of the year	13,016	578,249	13,712	580,518

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.

On 30 June 2016, the 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.

During the financial year, the Company cancelled 696,022 treasury shares amounting to S$2,269,000.

Taking the effect of the shares buy-back by the Company during the financial year, the weighted average number of ordinary shares as at 31 December 2018 was 12,228,000 (2017: 13,329,000).

31 Treasury Shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company acquired 628,727 (2017: 1,232,500) and cancelled 696,022 (2017: Nil) shares in the Company through purchases on the Singapore Exchange (SGX) during the financial year. The net amount paid to acquire the treasury shares was S$2,025,000 (2017: S$3,779,000) while the amount cancelled was S$2,269,000 this was presented as a component within shareholders' equity. The directly attributable incremental cost amounted to S$181,000 (2017: S$134,000).

	Group and Company			
	2018		2017	
	Number of shares '000	Share capital S$'000	Number of shares '000	Share capital S$'000
Treasury shares:				
At the beginning of the year	1,232	3,779	–	–
Share buyback	629	2,025	1,232	3,779
Cancellation of treasury shares	(696)	(2,269)	–	–
At the end of the year	1,165	3,535	1,232	3,779

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

32 Accumulated Losses

	Group		Company	
	2018	2017	2018	2017
	S$'000	S$'000	S$'000	S$'000
At the beginning of the year	(524,758)	(525,891)	(534,342)	(533,809)
Adjustment on initial application of SFRS(I) 9	(15)	–	–	–
	(524,773)	(525,891)	(534,342)	(533,809)
Profit/(loss) for the year	3,749	772	(7,012)	(543)
Unclaimed dividend distribution	–	10	–	10
Transferred from revaluation reserve (Note 33(b))	–	222	–	–
Transferred from deferred tax liability (Note 25)	–	10	–	–
Remeasurement of defined benefit plans	200	119	–	–
At the end of the year	(520,824)	(524,758)	(541,354)	(534,342)

33 Other Reserves

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Reserve on acquisition of non-controlling interest	3,389	3,389	3,389	–	–	–
Revaluation reserve	1,539	1,422	1,676	–	–	–
Fair value adjustment reserve	–	–	128	–	–	128
Employee share-based payment reserve	253	253	253	253	253	253
Share issue costs	(9,038)	(9,038)	(9,038)	(9,038)	(9,038)	(9,038)
Purchase of treasury shares	(315)	(134)	–	(315)	(134)	–
Total other reserves	(4,172)	(4,108)	(3,592)	(9,100)	(8,919)	(8,657)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

33 Other Reserves (Continued)

(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	
	2018	2017
	S$'000	S$'000
At the beginning and the end of the year	3,389	3,389

(b) Revaluation Reserve

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

	Group	
	2018	2017
	S$'000	S$'000
At the beginning of the year	1,422	1,676
Increase/(impairment) arising on revaluation of property, plant and equipment (Note 17)	117	(32)
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 32)	–	(222)
At the end of the year	1,539	1,422

(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	
	2018	2017
	S$'000	S$'000
At the beginning of the year	–	128
Net change in the reserve	–	(128)
At the end of the year	–	–
Net change in the reserve arises from:		
– fair value gains recycled to profit or loss on de-recognition	–	(128)
	–	(128)

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33 Other Reserves (Continued)

(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 share options and performance shares granted had lapsed. According to SFRS(I) 2, the Group is not allowed to subsequently reverse the amount recognised for services received from an employee if the vested equity instruments are later forfeited or, in the case of share options, the options are not exercised.

	Group and Company	
	2018	2017
	S$'000	S$'000
At the beginning and the 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	
	2018	2017
	S$'000	S$'000
At the beginning and the end of the year	(9,038)	(9,038)

(f) Purchase of treasury shares

The reserve for the Company's treasury shares comprises the directly attributable transaction costs in acquiring the treasury shares as disclosed in Note 31 to the financial statements.

	Group and Company	
	2018	2017
	S$'000	S$'000
At the beginning of the year	(134)	–
Transaction costs paid	(181)	(134)
At the end of the year	(315)	(134)

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34 Translation Reserve

	Group		Company	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
At the beginning of the year	(2,656)	–	(816)	–
Gain reclassified to profit or loss on disposal of foreign operations (Note 20)	(3,673)	–	–	–
Exchange differences arising on translating the net assets of foreign operations	(1,576)	(2,656)	51	(816)
At the end of the year	(7,905)	(2,656)	(765)	(816)

35 Employee Benefits

(a) Employee share incentive plan

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

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

(i) 1999 Sevak 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 Sevak 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) Sevak Restricted Share Plan and Sevak Performance Share Plan

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

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35 Employee Benefits (Continued)

(a) Employee share incentive plan (Continued)

(iv) Sevak 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 Sevak 1999 Employee' Share Option Scheme and the 1999 Sevak 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 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.

As at the end of the financial year, all options granted had lapsed.

(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		
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Current portion (Note 27)	257	239	72
Non-current portion	700	959	995
	957	1,198	1,067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35 Employee Benefits (Continued)

(b) Post-Employment Defined Benefit Plans (Continued)

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

	Group	
	2018 S$'000	2017 S$'000
Current service costs	152	191
Interest costs	72	86
Gains on curtailments and settlements	(142)	9
Employee benefit expense for leave encashment	–	–
Net employee benefits expense (Note 6)	82	286

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

	Group	
	2018 S$'000	2017 S$'000
Benefit obligation at the beginning of the year	1,198	1,067
Retirement benefit expenses recognised in profit or loss	82	286
Benefits paid	(73)	(57)
Translation differences	(50)	21
Defined benefit cost charged to OCI	(200)	(119)
Benefit obligation at the end of the year	957	1,198

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

Annual discount rate	:	7 – 8.5%
Annual salary increment rate	:	1 – 5.5%
Annual employee turnover rate	:	0 – 12%
Mortality rate reference	:	IALM[1] 2006-2008 Ultimate and 100% TMI3[2]
Disability rate	:	0 – 5% TMI3[2]
Retirement age	:	58 – 60 years

1 Indian Assured Lives Mortality

2 Tabel Mortalita Indonesia 3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36 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	
	2018 S$'000	2017 S$'000
Sale of goods to entities owned by a significant shareholder	20	75
Rental of office space from a company owned by a significant shareholder	(1,058)	(1,221)
Purchases of plant and equipment from a company related to a director	–	(214)
Payment on behalf of a company related to a director	(2)	(39)

The Group sold goods amounting to S$20,000 (2017: S$75,000) to entities owned by a significant shareholder.

The Group entered into a contract with Smart Innovation Global Pte. Ltd., a firm owned by a significant shareholder, for the rental of an office space for an amount of S$1,058,000 (2017: S$1,221,000).

During the financial year, the Group bought plant and equipment of Nil (2017: S$214,000) from a company related to a director and also made a payment of S$2,000 (2017: S$39,000) on behalf of a company related to a director.

(b) Compensation of Key Management Personnel

	Group	
	2018 S$'000	2017 S$'000
Short-term employee benefits	1,324	1,309
Central Provident Funds contributions	45	43
Total compensation paid to key management personnel	1,369	1,352

	Group	
	2018 S$'000	2017 S$'000
Comprise amounts paid to:		
Independent directors of the Company – Directors' fees	158	158
Executive Director and other key management personnel	1,211	1,194
	1,369	1,352

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37 Contingent Liabilities and Commitments

(a) Contingent Liabilities

Continuing financial support

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them until they have the financial capability to repay the Company. The Company will also, when required, provide sufficient working capital to enable them to operate as a 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 2018.

Corporate guarantees

	Group		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Corporate guarantees provided to enable the Company and its subsidiaries to obtain credit facilities and banking facilities:			
– Total facilities	17,473	14,772	16,645
– Total outstanding	4,463	2,338	1,873

(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.

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

	Group			Company		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Within 1 year	957	1,114	852	506	646	649
Within 2 to 5 years	328	426	314	–	–	14
	1,285	1,540	1,166	506	646	663

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to S$1,986,000 (2017: S$2,288,000; 1 January 2017: S$1,889,000) and S$613,000 (2017: S$818,000; 1 January 2017: S$277,000) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37 Contingent Liabilities and Commitments (Continued)

(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		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Within 1 year	527	749	525	–	–	–
Within 2 to 5 years	44	152	172	–	–	–
	571	901	697	–	–	–

(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		
	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000	2018 S$'000	2017 S$'000	1 Jan 2017 S$'000
Commitments in respect of property, plant and equipment	–	125	413	–	–	–

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38 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	Total from continuing operations S$'000	Operation related to Disposed Companies S$'000	Group S$'000
2018							
Turnover – external sales	225,653	41,345	12,492	1,589	281,079	622	281,701
Purchases and changes in inventories and direct service fees incurred	(211,851)	(28,819)	(11,210)	(85)	(251,965)	(282)	(252,247)
Commissions and other selling expenses	(33)	(265)	(26)	–	(324)	–	(324)
Other income – operating	4,056	124	28	55	4,263	26	4,289
Personnel costs	(6,124)	(7,806)	(784)	(1,307)	(16,021)	(264)	(16,285)
Infrastructure costs	(1,063)	(1,049)	(443)	(41)	(2,596)	(37)	(2,633)
Marketing expenses	(1,192)	(29)	(36)	(14)	(1,271)	(1)	(1,272)
Foreign exchange (loss)/gain	31	131	31	3	196	17	213
Other expenses – operating	(7,884)	(2,859)	(513)	(485)	(11,741)	(147)	(11,888)
Interest income from cash deposits	97	371	13	5	486	–	486
Finance costs	(385)	(17)	(4)	(90)	(496)	(7)	(503)
Depreciation of property, plant and equipment	(268)	(303)	(63)	(606)	(1,240)	(5)	(1,245)
Amortisation of intangible assets	(2)	(3)	–	–	(5)	–	(5)
Gain on disposal of investment in subsidiaries	–	4,184	–	–	4,184	–	4,184
Gain on disposal of property, plant and equipment	11	2	1	–	14	–	14
Gain on revaluation of investment properties	168	–	15	–	183	–	183
Others	(20)	14	30	–	24	–	24
Profit/(loss) before taxation	1,194	5,021	(469)	(976)	4,770	(78)	4,692
Taxation	(542)	(352)	(49)	–	(943)	–	(943)
Profit/(loss) after taxation	652	4,669	(518)	(976)	3,827	(78)	3,749
Segment assets	22,340	31,720	6,357	7,440	67,857	–	67,857
Segment liabilities	4,847	17,094	1,216	2,979	26,136	–	26,136
Capital expenditure	66	97	–	224	387	–	387

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38 Segment Information (Continued)

(a) Operating Segments (Continued)

	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	Total from continuing operations S$'000	Operation related to Disposed Companies S$'000	Group S$'000
2017							
Turnover – external sales	289,144	46,062	13,062	885	349,153	1,892	351,045
Purchases and changes in inventories and direct service fees incurred	(275,376)	(32,110)	(11,505)	(46)	(319,037)	(1,235)	(320,272)
Commissions and other selling expenses	(33)	(229)	(26)	–	(288)	–	(288)
Other income – operating	256	333	23	20	632	12	644
Personnel costs	(7,225)	(8,529)	(933)	(844)	(17,531)	(540)	(18,071)
Infrastructure costs	(1,143)	(1,047)	(516)	(26)	(2,732)	(101)	(2,833)
Marketing expenses	(1,293)	(8)	(13)	(121)	(1,435)	(1)	(1,436)
Foreign exchange (loss)/gain	(112)	45	(44)	14	(97)	–	(97)
Other expenses – operating	(2,183)	(2,994)	(674)	(182)	(6,033)	(193)	(6,226)
Interest income from cash deposits	168	457	22	5	652	–	652
Finance costs	(280)	(68)	(3)	–	(351)	(17)	(368)
Depreciation of property, plant and equipment	(281)	(294)	(99)	(224)	(898)	(8)	(906)
Amortisation of intangible assets	(5)	(2)	–	–	(7)	–	(7)
Gain on disposal of property, plant and equipment	23	–	3	–	26	–	26
Gain on revaluation of investment properties	85	–	9	–	94	–	94
Impairment loss on property, plant and equipment	(58)	–	(6)	–	(64)	–	(64)
Gain on disposal of available-for-sale financial assets	48	–	9	5	62	–	62
Fair value gains recycled to profit or loss on de-recognition	38	90	–	–	128	–	128
Others	(89)	(44)	(26)	–	(159)	–	(159)
Profit/(loss) before taxation	1,684	1,662	(717)	(514)	2,115	(191)	1,924
Taxation	(319)	(785)	(36)	–	(1,140)	–	(1,140)
Profit/(loss) after taxation	1,365	877	(753)	(514)	975	(191)	784
Segment assets	33,341	28,380	6,135	7,675	75,531	939	76,470
Segment liabilities	11,872	14,462	1,116	3,230	30,680	675	31,355
Capital expenditure	148	119	11	6,156	6,434	17	6,451

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38 Segment Information (Continued)

(a) Operating Segments (Continued)

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

	Group 2018 S$'000	Group 2017 S$'000
Other expenses in segment information	(11,888)	(6,226)
Foreign exchange gain/(loss)	213	(97)
Others	–	(225)
Total other expenses in consolidated income statement	(11,675)	(6,548)
Other expenses per consolidated income statement		
Other expenses – non-operating	–	(225)
Other expenses – operating	(11,545)	(6,130)
Other expenses of disposed entities	(130)	(193)
Total other expenses in consolidated income statement	(11,675)	(6,548)

(b) Geographical Information

	Turnover		Non-current Assets*		Capital Expenditure	
	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000	2018 S$'000	2017 S$'000
Southeast Asia[a]	262,850	330,709	11,553	12,164	365	6,419
South Asia[b]	18,229	18,444	66	83	22	60
Others[c]	–	–	7	9	–	–
Total from continuing operations	281,079	349,153	11,626	12,256	387	6,479
Operations related to disposed companies	622	1,892	–	23	–	17
	281,701	351,045	11,626	12,279	387	6,496

(a) Southeast Asia includes Singapore, Indonesia, Malaysia and Thailand. Indonesia is the largest contributor at 85% (2017: 87%) for turnover. Singapore is the largest contributor at 63% (2017: Singapore at 63%) for non-current assets.

(b) South Asia includes India.

(c) Others include People's Republic of China, Hong Kong, the Americas and United Kingdom.

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

NOTES TO THE FINANCIAL STATEMENTS

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39 Directors' Remuneration

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
2018			
S$250,000 to S$599,999	1	–	1
Below S$250,000*	–	4	4
	1	4	5
2017			
S$250,000 to S$599,999	1	–	1
Below S$250,000**	–	6	6
	1	6	7

* Includes one Director who resigned during the current financial year, who did not receive remuneration.

** Includes three Directors who resigned during the previous financial year, of which two did not receive remuneration.

40 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 financial assets, at FVPL, 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 purposes. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(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 mainly transacts with high credit quality counterparties of at least an "A" rating by external credit rating companies, where the counterparties have AAA or AA credit ratings, are considered to have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

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.

The carrying amount of trade and other receivables, loan receivable, fixed deposits and cash and bank balances represents 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:

i. The carrying amount of each class of financial assets recognised in the statements of financial position; and

ii. Corporate guarantees provided to enable a subsidiary to purchase goods and/or services from a supplier:

		Group	
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
– Total facilities	8,000	8,000	8,000
– Total outstanding	1,451	2,187	1,341

These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiary has a strong financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

The movements in credit loss allowance for impairment are as follows:

	Trade receivables S$'000	Other receivables S$'000	Total S$'000
Group			
At 1 January 2018 per SFRS 39	3,535	1,665	5,200
Adjustment on initial application of SFRS(I) 9	22	–	22
At 1 January 2018 per SFRS(I) 9	3,557	1,665	5,222
Loss allowance recognised in profit or loss during the year on:			
– Assets that are credit-impaired	–	38	38
– Reversal of unutilised amounts	(226)	–	(226)
– Exchange differences	136	19	155
	(90)	57	(33)
Disposal of subsidiaries	(72)	(2)	(74)
At 31 December 2018 per SFRS(I) 9	3,395	1,720	5,115
Company			
At 1 January 2018 per SFRS(I) 9	898	807	1,705
Loss allowance recognised in profit or loss during the year on:			
– Reversal of unutilised amounts	(8)	(13)	(21)
– Exchange differences	19	15	34
	11	2	13
At 31 December 2018 per SFRS(I) 9	909	809	1,718

Cash and cash equivalents, fixed deposits and financial assets, at FVPL are subject to immaterial credit loss.

As disclosed in Note 12, the Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 **Financial Risk Management Objectives and Policies** (Continued)

(a) **Credit Risk** (Continued)

Credit risk grading guideline

Management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss (ECL)
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e. interest and/or principal repayment are more than 30 days past due).	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired (i.e. interest and/or principal repayments are more than 180 days past due).^	Lifetime ECL (credit-impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty.	Asset is written off

^ There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. Management has based on historical experience and information to demonstrate that a more lagging default criteria is more appropriate given the nature of the Group's business in satisfying a performance obligation over time and customers generally make payment when the performance obligation is completed.

A financial asset is credit-impaired when credit risk has increased significantly since initial recognition due to the following:

- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Information regarding trade and other receivables and loan receivable that are credit-impaired are disclosed in Notes 12, 13 and 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

The Group's and the Company's credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

	Current** S$'000	Past due: Within 30 days** S$'000	Past due: 30 to 60 days^ S$'000	Past due: 60 to 90 days^ S$'000	Past due: 90 to 180 days^ S$'000	Past due: 180 to 365 days^^ S$'000	Past due: More than 365 days^^ S$'000	Total S$'000
Group								
Distribution of operator products and services								
Expected loss rate	0%	0%	–	–	–	–	–	0%
Trade receivables	961	5	–	–	–	–	–	966
Allowance for impairment	–	–	–	–	–	–	–	–
ICT distribution and managed services								
Expected loss rate	0.45%	0.45%	1.55%	1.55%	6%	51%	74%	16%
Trade receivables	4,639	324	91	151	227	123	1,387##	6,942
Allowance for impairment	–*	–*	–*	–*	(14)	(63)	(1,030)	(1,107)
Assessed as a separate risk profile#:								
Expected loss rate	0%	0%	0%	–	0%	0%	–	0%
Trade receivables	4,937	359	144	–	830	16	–	6,286
Allowance for impairment	–	–	–	–	–	–	–	–
Mobile devices distribution and retail								
Expected loss rate	0%	–	–	–	–	–	100%	95%
Trade receivables	121	–	–	–	–	–	2,288	2,409
Allowance for impairment	–	–	–	–	–	–	(2,288)	(2,288)
Battery electric vehicles/ others								
Expected loss rate	0%	–	–	–	–	–	–	0%
Trade receivables	54	–	–	–	–	–	–	54
Allowance for impairment	–	–	–	–	–	–	–	–
Company								
ICT distribution and managed services								
Expected loss rate	0%	0%	0%	0%	–	–	89%	89%
Trade receivables	2	1	1	1	–	–	1,016	1,021
Allowance for impairment	–	–	–	–	–	–	(909)	(909)

** rated as performing

^ rated as under-performing

^^ rated as non-performing

NOTES TO THE FINANCIAL STATEMENTS

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40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

For debts past due 30 days, management has considered forward-looking information and determined that there is no significant increase in credit risk since initial recognition. Management has access to historical evidence that demonstrates that there is no correlation between a significant increase in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

* Management has applied the default rates of between 0.45% and 1.55% by credit rating of customers to the trade receivables for assessment of lifetime expected credit losses. The expected credit loss is not material.

The receivables classified under the separate risk profile in the table above are entities that fall under the Government of Singapore which have AAA-credit rating and are considered to have low credit risk for the purpose of impairment assessment. The historical default rate obtained from external credit rating companies was 0.00%.

Based on historical loss experience, management is of the view that the remaining trade receivables are generally slow paymasters. Accordingly, the expected credit loss is not material.

The Group's and the Company's credit risk exposure in relation to other receivables under SFRS(I) 9 as at 31 December 2018 are set out in the provision matrix as follows:

		Past due						
	Current** S$'000	Within 30 days** S$'000	30 to 60 days^ S$'000	60 to 90 days^ S$'000	90 to 180 days^ S$'000	180 to 365 days^^ S$'000	More than 365 days^^ S$'000	Total S$'000
Group								
Other receivables								
Expected loss rate	0.45%	0.45%	1.55%	1.55%	1.55%	30%	41%	26%
Other receivables	1,810	397	25	38	187	30	4,124#	6,611
Allowance for impairment	–*	–*	–*	–*	–*	(9)	(1,711)	(1,720)
Company								
Other receivables								
Expected loss rate	0%	–	–	–	–	–	56%	44%
Other receivables	390	–	–	–	–	–	1,451##	1,841
Allowance for impairment	–	–	–	–	–	–	(809)	(809)

** rated as performing
^ rated as under-performing
^^ rated as non-performing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

Management has assessed other receivables to have low credit risk and there has been no significant increase in the risk of default on the receivables since initial recognition. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition. Accordingly, the 12-month expected credit loss is not material.

* The expected credit loss is not material.

\# The remaining receivables (Group) mainly pertain to Goods & Services Tax receivable and tax recoverable from Singapore and Indonesia entities respectively. During the financial year ended 31 December 2018, the Group received correspondences from the tax authorities on the recoverability of these amounts. Accordingly, the expected credit loss is not material.

\## The remaining receivables (Company) mainly pertain to amount due from a related party with a credit rating of BBB and considered to have low credit risk for the purpose of impairment assessment. The historical default rate obtained from external credit rating companies was 4.71%. Accordingly, the expected credit loss is not material.

Previous accounting policy for impairment of trade and other receivables

Financial assets that were neither past due nor impaired

Trade and other receivables that were neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and fixed deposits that were 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 fixed deposits and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

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				
2018				
Financial assets:				
Financial assets, at FVPL	201	–	–	201
Trade and other receivables	17,301	249	–	17,550
Cash and cash equivalents	16,377	–	–	16,377
Fixed deposits	7,161^	1,031*	–	8,192
Total undiscounted financial assets	41,040	1,280	–	42,320
Financial liabilities:				
Trade and other creditors and accruals	16,607	–	–	16,607
Due to related parties	8	–	–	8
Lease obligations	614	2,340	–	2,954
Loans and bank borrowings	2,304	–	–	2,304
Total undiscounted financial liabilities	19,533	2,340	–	21,873
Total net undiscounted financial assets/(liabilities)	21,507	(1,060)	–	20,447
2017				
Financial assets:				
Trade and other receivables	17,986	119	–	18,105
Cash and cash equivalents	19,346	–	–	19,346
Fixed deposits	2,387^	756*	–	3,143
Total undiscounted financial assets	39,719	875	–	40,594
Financial liabilities:				
Trade and other creditors and accruals	19,098	–	–	19,098
Due to related parties	192	–	–	192
Lease obligations	19	16	–	35
Loans and bank borrowings	7,344	–	–	7,344
Total undiscounted financial liabilities	26,653	16	–	26,669
Total net undiscounted financial assets	13,066	859	–	13,925

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Group				
1 Jan 2017				
Financial assets:				
Available-for-sale financial assets	–	231	–	231
Trade and other receivables	14,642	252	–	14,894
Cash and cash equivalents	20,377	–	–	20,377
Fixed deposits	11,335^	404*	–	11,739
Total undiscounted financial assets	46,354	887	–	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	29,789	887	–	30,676

^ includes interest receivable from fixed deposits of S$238,000 (2017: S$152,000; 1 January 2017: S$187,000)

* includes interest receivable from fixed deposits of S$136,000 (2017: S$51,000; 1 January 2017: S$49,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Company				
2018				
Financial assets:				
Trade and other receivables	1,144	–	–	1,144
Due from subsidiaries	178	1,039^	–	1,217
Cash and cash equivalents	1,424	–	–	1,424
Fixed deposits	3,449*	–	–	3,449
Total undiscounted financial assets	6,195	1,039	–	7,234
Financial liabilities:				
Trade and other creditors and accruals	1,439	–	–	1,439
Amounts due to related parties	8	–	–	8
Due to subsidiaries	8,336	–	4,042#	12,378
Lease obligations	614	2,340	–	2,954
Loans and bank borrowings	–	–	–	–
Total undiscounted financial liabilities	10,397	2,340	4,042	16,779
Total net undiscounted financial liabilities	(4,202)	(1,301)	(4,042)	(9,545)
2017				
Financial assets:				
Trade and other receivables	1,780	–	–	1,780
Due from subsidiaries	58	8,812^	–	8,870
Cash and cash equivalents	5,150*	–	–	5,150
Total undiscounted financial assets	6,988	8,812	–	15,800
Financial liabilities:				
Trade and other creditors and accruals	1,355	–	–	1,355
Amounts due to related parties	29	–	–	29
Due to subsidiaries	6,771	–	–	6,771
Lease obligations	6	16	–	22
Loans and bank borrowings	2,972	–	–	2,972
Total undiscounted financial liabilities	11,133	16	–	11,149
Total net undiscounted financial (liabilities)/assets	(4,145)	8,796	–	4,651

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 **Financial Risk Management Objectives and Policies** (Continued)

(b) **Liquidity Risk** (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Within 1 year S$'000	1 to 5 years S$'000	After 5 years S$'000	Total S$'000
Company				
1 Jan 2017				
Financial assets:				
Available-for-sale financial assets	–	231	–	231
Trade and other receivables	2,393	–	–	2,393
Due from subsidiaries	2,026	1,318^	–	3,344
Cash and cash equivalents	6,108	–	–	6,108
Fixed deposits	9,946*	–	–	9,946
Total undiscounted financial assets	20,473	1,549	–	22,022
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	1,549	–	13,284

* includes interest receivable from fixed deposits of S$49,000 (2017: S$1,000; 1 January 2017: S$74,000)

^ includes interest receivable from subsidiaries of S$122,000 (2017: S$565,000; 1 January 2017: S$276,000)

includes interest payable to subsidiaries of S$754,000 (2017: Nil; 1 January 2017: Nil)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity Risk (Continued)

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 is 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				
2018				
Corporate guarantees	1,451	–	–	1,451
2017				
Corporate guarantees	2,187	–	–	2,187
1 Jan 2017				
Corporate guarantees	1,341	–	–	1,341

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and bank borrowings, lease obligations, fixed deposits and cash and bank balances.

To manage interest rate risk, surplus funds are placed with reputable banks as fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

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40 Financial Risk Management Objectives and Policies (Continued)

(c) Interest Rate Risk (Continued)

The following table sets 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				
2018				
Floating rate				
Cash and cash equivalents	16,377	–	–	16,377
Fixed deposits	6,923	895	–	7,818
Loan and bank borrowings	(2,304)	–	–	(2,304)
Fixed rate				
Lease obligations	(532)	(2,197)	–	(2,729)
2017				
Floating rate				
Cash and cash equivalents	19,346	–	–	19,346
Fixed deposits	2,235	705	–	2,940
Loan and bank borrowings	(7,344)	–	–	(7,344)
Fixed rate				
Lease obligations	(18)	(15)	–	(33)
1 Jan 2017				
Floating rate				
Cash and cash equivalents	20,377	–	–	20,377
Fixed deposits	11,148	355	–	11,503
Loan and bank borrowings	(2,527)	–	–	(2,527)
Fixed rate				
Lease obligations	(18)	–	–	(18)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(c) Interest Rate Risk (Continued)

	Within 1 year S$'000	1-5 years S$'000	After 5 years S$'000	Total S$'000
Company				
2018				
Fixed rate				
Long-term loans and advances to subsidiaries	–	917	–	917
Long-term loans and advances from subsidiaries	–	–	(3,288)	(3,288)
Lease obligations	(532)	(2,197)	–	(2,729)
Floating rate				
Cash and cash equivalents	1,424	–	–	1,424
Fixed deposits	3,400	–	–	3,400
2017				
Fixed rate				
Long-term loans and advances to subsidiaries	–	8,247	–	8,247
Lease obligations	(5)	(15)	–	(20)
Floating rate				
Cash and cash equivalents	5,149	–	–	5,149
Loan and bank borrowings	(2,972)	–	–	(2,972)
1 Jan 2017				
Fixed rate				
Due from subsidiaries	–	1,042	–	1,042
Floating rate				
Cash and cash equivalents	6,108	–	–	6,108
Fixed deposits	9,872	–	–	9,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(c) Interest Rate Risk *(Continued)*

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.

Sensitivity analysis for interest rate risk

At the financial year end, if the SGD's and the foreign currencies' interest rates had been 100 (2017: 100; 1 January 2017: 100) basis points lower/higher with all other variables held constant, there is no significant impact to the Group's profit net of tax.

(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"), Singapore Dollar ("SGD"), Indian Rupee ("INR"), Indonesian Rupiah ("IDR") and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly USD and 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 100% (2017: 100%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 97% (2017: 98%) 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").

NOTES TO THE FINANCIAL STATEMENTS

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40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

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								
2018								
Trade receivables	178	7,419	4,578	–	–	1,087	–	13,262
Other receivables and deposits	541	1,075	340	785	–	1,142	405	4,288
Cash and cash equivalents	1,196	5,865	2,182	42	195	6,885	12	16,377
Fixed deposits	–	3,400	4,418	–	–	–	–	7,818
Trade creditors	(1,662)	(7,772)	(343)	(1)	–	(776)	(9)	(10,563)
Other creditors and accruals	(399)	(3,172)	(554)	(71)	(13)	(1,807)	(36)	(6,052)
Lease obligations	–	(2,729)	–	–	–	–	–	(2,729)
Loans and bank borrowings	–	–	(478)	–	–	(1,826)	–	(2,304)
Net financial (liabilities)/assets	(146)	4,086	10,143	755	182	4,705	372	20,097
Net assets denominated in functional currencies	(827)	(3,105)	(10,145)	(755)	(182)	(4,705)	(372)	(20,091)
Net currency exposure	(973)	981	(2)	–	–	–	–	6
2017								
Trade receivables	1,283	4,483	4,752	–	284	–	–	10,802
Other receivables and deposits	877	1,079	718	794	48	3,369	418	7,303
Cash and cash equivalents	5,300	4,997	2,540	326	527	5,642	14	19,346
Fixed deposits	–	–	2,940	–	–	–	–	2,940
Trade creditors	(1,416)	(5,720)	(1,136)	(15)	(243)	(4,636)	(7)	(13,173)
Other creditors and accruals	(455)	(3,117)	(349)	(133)	(232)	(1,800)	(31)	(6,117)
Lease obligations	–	(21)	–	–	–	(12)	–	(33)
Loans and bank borrowings	–	(2,972)	–	–	–	(4,372)	–	(7,344)
Net financial assets/(liabilities)	5,589	(1,271)	9,465	972	384	(1,809)	394	13,724
Net assets denominated in functional currencies	(5,537)	(1,702)	(9,447)	(972)	25	1,809	(394)	(16,218)
Net currency exposure	52	(2,973)	18	–	409	–	–	(2,494)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

	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								
1 Jan 2017								
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	6,537	4,800	2,518	353	678	5,468	23	20,377
Fixed deposits	9,872	–	1,631	–	–	–	–	11,503
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

	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								
2018								
Trade receivables	112	–	–	–	–	–	–	112
Other receivables and deposits	528	504	–	–	–	–	–	1,032
Due (to)/from subsidiaries	(4,324)	(3,422)	–	782	176	–	(3,741)	(10,529)
Cash and cash equivalents	298	1,126	–	–	–	–	–	1,424
Fixed deposits	–	3,400	–	–	–	–	–	3,400
Trade creditors	–	(112)	–	–	–	–	–	(112)
Other creditors and accruals	–	(1,335)	–	–	–	–	–	(1,335)
Lease obligations	–	(2,729)	–	–	–	–	–	(2,729)
Loans and bank borrowings	–	–	–	–	–	–	–	–
Net financial (liabilities)/assets	(3,386)	(2,568)	–	782	176	–	(3,741)	(8,737)
Net assets denominated in functional currencies	3,386	–	–	–	–	–	–	3,386
Net currency exposure	–	(2,568)	–	782	176	–	(3,741)	(5,351)
2017								
Trade receivables	112	6	–	–	–	–	–	118
Other receivables and deposits	877	785	–	–	–	–	–	1,662
Due (to)/from subsidiaries	(56)	4,471	–	981	12	–	(3,874)	1,534
Cash and cash equivalents	4,719	430	–	–	–	–	–	5,149
Trade creditors	(109)	–	–	–	–	–	–	(109)
Other creditors and accruals	(54)	(1,215)	(6)	–	–	–	–	(1,275)
Lease obligations	–	(20)	–	–	–	–	–	(20)
Loans and bank borrowings	–	(2,972)	–	–	–	–	–	(2,972)
Net financial assets/(liabilities)	5,489	1,485	(6)	981	12	–	(3,874)	4,087
Net assets denominated in functional currencies	(5,489)	–	–	–	–	–	–	(5,489)
Net currency exposure	–	1,485	(6)	981	12	–	(3,874)	(1,402)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

40 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

	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								
1 Jan 2017								
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	5,457	651	–	–	–	–	–	6,108
Fixed deposits	9,872	–	–	–	–	–	–	9,872
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)

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	
	2018 S$'000	2017 S$'000
USD/SGD		
– strengthened 5% (2017: 8%)	(49)	4
– weakened 5% (2017: 8%)	49	(4)
MYR/SGD		
– strengthened 1% (2017: 5%)	–	20
– weakened 1% (2017: 5%)	–	(20)

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41 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				
2018				
Designated at fair value through profit or loss (Note 22)	–	–	201	201
1 January 2017				
Available-for-sale financial assets (Note 22(a))	231	–	–	231

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 2018 and 31 December 2017.

Valuation technique and input used in Level 3 fair value measurement

Description	Fair value at 31 Dec 2018 S$'000	Unobservable input	Range of unobservable input S$'000	Relationship of unobservable input to fair value
Financial assets, at FVPL	201 40%	Estimated market value	450 to 550 100%	The higher the estimate, the higher the fair value.

NOTES TO THE FINANCIAL STATEMENTS

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41 Fair Values of Financial Instruments (Continued)

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, fixed deposits, trade and other receivables, loan receivable, trade and other creditors, amounts due from/(to) subsidiaries, current loans and bank borrowings and current lease obligations.

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of non-current trade and other receivables, lease obligations and fixed deposits approximate the fair values.

Determination of fair value

The fair values of trade and other receivables, lease obligations and fixed deposits are estimated by discounting expected future cash flows at current market incremental lending/deposit rates for similar types of lending, leasing and deposit arrangements at the financial year end and are included in level 2 of the fair value hierarchy.

42 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.

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 2018 and 31 December 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

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42 Capital Management (Continued)

	Group		
	2018	**2017**	**1 Jan 2017**
	S$'000	**S$'000**	**S$'000**
Total gross debt			
– Loans and bank borrowings	2,304	7,344	2,527
– Lease obligations	2,729	33	18
	5,033	7,377	2,545
Shareholders' equity			
– Share capital	578,249	580,518	580,518
– Treasury shares	(3,535)	(3,779)	–
– Accumulated losses	(520,824)	(524,758)	(525,891)
– Other reserves	(4,172)	(4,108)	(3,592)
– Translation reserve	(7,905)	(2,656)	–
	41,813	45,217	51,035
Gross debt equity ratio	12.04%	16.31%	4.99%
Cash and bank balances and fixed deposits	24,195	22,286	31,880
Less: Total gross debt	(5,033)	(7,377)	(2,545)
Net cash position	19,162	14,909	29,335

43 Events occurring after the reporting period

On 31 December 2018, the Board of Directors of the Company approved the change of functional currency of the Company from United States Dollar to Singapore Dollar with effect from 1 January 2019 (being the commencement of the next financial year) due to a change in business model of the Company to engage in leasing of electric vehicles to its subsidiary over a five-year period. The transactions are denominated in Singapore Dollar.

44 Transition to SFRS(I) and Adoption of New Standards

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2(a), these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous SFRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations do not have a material effect on the consolidated financial statements.

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's and the Company's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018. There were no material adjustments to the Group's profit or loss, other comprehensive income and statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity:

	Note	1 Jan 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) 15 S$'000	SFRS(I) Framework S$'000
Assets					
Current assets					
Inventories		13,800	–	–	13,800
Trade receivables		8,712	–	–	8,712
Other receivables and deposits		5,930	–	–	5,930
Prepayments		3,001	–	–	3,001
Cash and cash equivalents		20,377	–	–	20,377
Fixed deposits		11,148	–	–	11,148
Tax recoverable		686	–	–	686
		63,654	–	–	63,654
Non-current assets					
Property, plant and equipment		4,798	–	–	4,798
Investment properties		2,434	–	–	2,434
Intangible assets		3	–	–	3
Available-for-sale financial assets		231	–	–	231
Deferred tax assets	(b)(i)	170	–	268	438
Trade receivables		81	–	–	81
Other receivables		171	–	–	171
Prepayments		201	–	–	201
Fixed deposits		355	–	–	355
		8,444	–	268	8,712
Total assets		72,098	–	268	72,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity: (Continued)

		1 Jan 2017			
	Note	SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) 15 S$'000	SFRS(I) Framework S$'000
Liabilities					
Current liabilities					
Trade creditors		6,984	–	–	6,984
Other creditors and accruals		7,108	–	–	7,108
Deferred revenue	(b)(ii)	1,996	–	(1,996)	–
Contract liabilities	(b)(i)	–	–	2,806	2,806
Lease obligations		18	–	–	18
Loans and bank borrowings		2,527	–	–	2,527
Tax payable		787	–	–	787
		19,420	–	810	20,230
Non-current liabilities					
Provision for employee benefits		995	–	–	995
Deferred revenue		140	–	–	140
Deferred tax liabilities		70	–	–	70
		1,205	–	–	1,205
Total liabilities		20,625	–	810	21,435
Equity attributable to owners of the Company					
Share capital		580,518	–	–	580,518
Accumulated losses	(a)(i)	(457,516)	(67,833)	(542)	(525,891)
Other reserves		(3,592)	–	–	(3,592)
Translation reserve	(a)(i)	(67,833)	67,833	–	–
		51,577	–	(542)	51,035
Non-controlling interest		(104)	–	–	(104)
Total equity		51,473	–	(542)	50,931
Total liabilities and equity		72,098	–	268	72,366

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity: (Continued)

	Note	31 Dec 2017 SFRS Framework S$'000	31 Dec 2017 SFRS(I) 1 S$'000	31 Dec 2017 SFRS(I) 15 S$'000	31 Dec 2017 SFRS(I) Framework S$'000	1 Jan 2018 SFRS(I) 9 S$'000	1 Jan 2018 SFRS(I) Framework S$'000
Assets							
Current assets							
Inventories		19,736	–	–	19,736	–	19,736
Trade receivables	(c)	10,796	–	–	10,796	(32)	10,764
Other receivables and deposits		7,190	–	–	7,190	–	7,190
Prepayments		3,450	–	–	3,450	–	3,450
Cash and cash equivalents		19,346	–	–	19,346	–	19,346
Fixed deposits		2,235	–	–	2,235	–	2,235
Tax recoverable		195	–	–	195	–	195
		62,948	–	–	62,948	(32)	62,916
Non-current assets							
Property, plant and equipment		9,782	–	–	9,782	–	9,782
Investment properties		2,300	–	–	2,300	–	2,300
Intangible assets		21	–	–	21	–	21
Deferred tax assets	(b)(i)	151	–	268	419	7	426
Trade receivables		6	–	–	6	–	6
Other receivables	(c)	113	–	–	113	23	136
Prepayments		176	–	–	176	–	176
Fixed deposits		705	–	–	705	–	705
		13,254	–	268	13,522	30	13,552
Total assets		76,202	–	268	76,470	(2)	76,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Group's equity: (Continued)

	Note	31 Dec 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) 15 S$'000	SFRS(I) Framework S$'000	1 Jan 2018 SFRS(I) 9 S$'000	SFRS(I) Framework S$'000
Liabilities							
Current liabilities							
Trade creditors		13,173	–	–	13,173	–	13,173
Other creditors and accruals	(c)	6,356	–	–	6,356	13	6,369
Deferred revenue	(b)(ii)	1,823	–	(1,823)	–	–	–
Contract liabilities	(b)(i)	–	–	2,633	2,633	–	2,633
Lease obligations		18	–	–	18	–	18
Loans and bank borrowings		7,344	–	–	7,344	–	7,344
Tax payable		698	–	–	698	–	698
		29,412	–	810	30,222	13	30,235
Non-current liabilities							
Lease obligations		15	–	–	15	–	15
Provision for employee benefits		959	–	–	959	–	959
Deferred revenue		99	–	–	99	–	99
Deferred tax liabilities		60	–	–	60	–	60
		1,133	–	–	1,133	–	1,133
Total liabilities		30,545	–	810	31,355	13	31,368
Equity attributable to owners of the Company							
Share capital		580,518	–	–	580,518	–	580,518
Treasury shares		(3,779)	–	–	(3,779)	–	(3,779)
Accumulated losses	(c)	(456,383)	(67,833)	(542)	(524,758)	(15)	(524,773)
Other reserves		(4,108)	–	–	(4,108)	–	(4,108)
Translation reserve	(a)(i)	(70,489)	67,833	–	(2,656)	–	(2,656)
		45,759	–	(542)	45,217	(15)	45,202
Non-controlling interest		(102)	–	–	(102)	–	(102)
Total equity		45,657	–	(542)	45,115	(15)	45,100
Total liabilities and equity		76,202	–	268	76,470	(2)	76,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Company's equity:

	Note	1 Jan 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) Framework S$'000
Assets				
Current assets		20,425	–	20,425
Non-current assets		26,365	–	26,365
Total assets		46,790	–	46,790
Liabilities				
Current liabilities		8,738	–	8,738
Non-current liabilities		–	–	–
Total liabilities		8,738	–	8,738
Equity attributable to owners of the Company				
Share capital		580,518	–	580,518
Treasury shares		–	–	–
Accumulated losses		(479,023)	(54,786)	(533,809)
Other reserves		(8,657)	–	(8,657)
Translation reserve	(a)(i)	(54,786)	54,786	–
		38,052	–	38,052
Non-controlling interest		–	–	–
Total equity		38,052	–	38,052
Total liabilities and equity		46,790	–	46,790

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Reconciliation of the Company's equity: (Continued)

	Note	31 Dec 2017 SFRS Framework S$'000	SFRS(I) 1 S$'000	SFRS(I) Framework S$'000
Assets				
Current assets		7,002	–	7,002
Non-current assets		36,807	–	36,807
Total assets		43,809	–	43,809
Liabilities				
Current liabilities		11,132	–	11,132
Non-current liabilities		15	–	15
Total liabilities		11,147	–	11,147
Equity attributable to owners of the Company				
Share capital		580,518	–	580,518
Treasury shares		(3,779)	–	(3,779)
Accumulated losses		(479,556)	(54,786)	(534,342)
Other reserves		(8,919)	–	(8,919)
Translation reserve	(a)(i)	(55,602)	54,786	(816)
		32,662	–	32,662
Non-controlling interest		–	–	–
Total equity		32,662	–	32,662
Total liabilities and equity		43,809	–	43,809

Adoption of New Standards

(a) SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

(a) SFRS(I) 1 (Continued)

(i) Foreign currency translation reserve ("FCTR")

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to zero at the date of transition, and reclassified the Group's and Company's cumulative FCTR of $67,833,000 and S$54,786,000 respectively as at 1 January 2017 determined in accordance with SFRS to retained earnings. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the Group's and Company's cumulative FCTR increased by $67,833,000 and S$54,786,000 respectively, and retained earnings decreased by the same amount as at 31 December 2017.

(b) SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below.

The Group has applied the following practical expedients as allowed under SFRS(I) 1:

- Completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.

- For completed contracts that have variable consideration, the Group used the transaction price at the date the contract was completed to restate comparative information.

- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

(b) SFRS(I) 15 (Continued)

(i) Accounting for contracts with multiple performance obligations

Under SFRS, 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.

The Group has assessed each contract under the requirements of SFRS(I) 15 and concluded that there are two distinct performance obligations which are satisfied at different timings. A contract liability of S$810,000 arising from the performance obligation not being satisfied as at year end and deferred tax assets of S$268,000 were recognised as a result of this change as at 1 January 2017.

(ii) Presentation of contract assets and liabilities

On adopting SFRS(I) 15, "Deferred revenue" of S$1,823,000 as at 31 December 2017 and S$1,996,000 as at 1 January 2017 were reclassified to "Contract liabilities".

(c) SFRS(I) 9

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under SFRS 39 *Financial Instruments: Recognition and Measurement*.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments*: Disclosures for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under SFRS 107 *Financial Instruments: Disclosures* relating to items within the scope of SFRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.

  – The determination of the business model within which a financial asset is held;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

44 Transition to SFRS(I) and Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

(c) SFRS(I) 9 (Continued)

- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;

- The designation of an equity investment that is not held-for-trading as at FVOCI; and

- The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.

- If a debt investment has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

45 New Standards and Interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2019:

Applicable to 2019 financial statements:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

45 New Standards and Interpretations not yet adopted (Continued)

Applicable to 2021 financial statements:

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred:

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group has assessed that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following.

(a) SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

No significant impact is expected for the Group’s and the Company’s operating and finance leases.

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Email: 147505461@qq.com

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

Class of equity securities	:	Ordinary shares
Number of equity securities (including Treasury Shares)	:	13,016,430
Number of equity securities (excluding Treasury Shares)	:	11,851,225
Number/Percentage of Treasury Shares	:	1,165,205 (8.95%)
Number/Percentage of subsidiary holdings held	:	Nil
Voting rights	:	One vote per share. The Company cannot exercise any voting right in respect of treasury shares.

Shareholdings of Substantial Shareholders as at 20 March 2019

		No. of Shares			
Name	**Note**	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%[1]**
Dr. Bhupendra Kumar Modi ("BKM")	2	-	4,561,251	4,561,251	38.49
Dilip Modi ("DLM")	3	-	3,638,921	3,638,921	30.71
Divya Tongya ("DYT")	4	-	3,638,921	3,638,921	30.71
S Global Innovation Centre Pte. Ltd.	2a,3,4,5a	3,638,921	-	3,638,921	30.71
Smart Co Holding Pte Ltd	2b,2c,5	410,660	4,107,591	4,518,251	38.12
Paramount Assets Investments Pte. Ltd	6,7,8	1,775,550	-	1,775,550	14.98
Lee Foundation, States Of Malaya	6	-	1,775,550	1,775,550	14.98
Lee Foundation	7	-	1,775,550	1,775,550	14.98
Lee Pineapple Company (Pte) Limited	8	-	1,775,550	1,775,550	14.98

Notes:

(1) The above percentages are calculated based on the Company's share capital comprising of 11,851,225 issued and paid-up Shares as at 20 March 2019, excluding treasury shares.

(2) BKM is deemed to be interested in 4,561,251 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, Smart Global Corporate Holding Private Ltd (formerly, "Spice Global Investments Pvt Ltd"), Global Tech Innovations Ltd (formed by the amalgamation of Orion Telecoms Ltd, Dai (Mauritius) Company Ltd, Falcon Securities Ltd, Guiding Star Ltd, Christchurch Investments Ltd), S Global Holdings Ltd, Prospective Infrastructure Pvt Ltd (now merged with Smart Global Corporate Holding Private Ltd) and Spice Connect Private Ltd (formerly "Smart Ventures 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) 468,670 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 2019

(5) Smart Co Holding Pte Ltd is deemed to be interested in 4,107,591 Shares comprising the following:

   (a) 3,638,921 Shares indirectly held through S Global Innovation Centre Pte. Ltd.; and

   (b) 468,670 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 2019, 46.53% 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.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2019

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	8,913	66.68	223,673	1.89
100 – 1,000	3,837	28.70	1,170,201	9.87
1,001 – 10,000	562	4.20	1,403,904	11.85
10,001 – 1,000,000	54	0.40	3,638,976	30.70
1,000,001 AND ABOVE	2	0.02	5,414,471	45.69
TOTAL	**13,368**	**100.00**	**11,851,225**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	S GLOBAL INNOVATION CENTRE PTE LTD	3,638,921	30.71
2	PARAMOUNT ASSETS INVESTMENTS PTE LTD	1,775,550	14.98
3	PHILLIP SECURITIES PTE LTD	615,488	5.19
4	BLUE OCEAN CAPITAL PARTNERS PTE LTD	584,100	4.93
5	ABN AMRO CLEARING BANK N.V.	408,750	3.45
6	SMART CO HOLDING PTE LTD	260,286	2.20
7	UOB KAY HIAN PRIVATE LIMITED	241,527	2.04
8	DBS NOMINEES (PRIVATE) LIMITED	153,596	1.30
9	CITIBANK NOMINEES SINGAPORE PTE LTD	140,745	1.19
10	TAI TAK SECURITIES PTE LTD	97,500	0.82
11	CHONG YEAN FONG	85,500	0.72
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	77,673	0.66
13	TAN CHIP SIN	73,365	0.62
14	LIM & TAN SECURITIES PTE LTD	60,440	0.51
15	OCBC SECURITIES PRIVATE LIMITED	60,194	0.51
16	GOH KIM SENG	45,825	0.39
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	41,857	0.35
18	LEONG SIEW FONG	36,500	0.31
19	PAN TIEN CHOR OR LEE POH KUM	32,450	0.27
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	30,001	0.25
	TOTAL	**8,460,268**	**71.40**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of SEVAK Limited (the "Company") will be held at 152 Ubi Avenue 4, Ground Floor, Auditorium, Smart Innovation Centre, Singapore 408826 on Wednesday, 24 April 2019 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 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Doraraj S who is retiring pursuant to Article 104 of the Constitution of the Company, and who being eligible, offers himself for re-election as a Director.
   [See Explanatory Note (i)] **(Resolution 2)**

   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.

3. To approve the payment of Directors' fees of S$158,000 for the year ended 31 December 2018. (FY2017: S$158,000) **(Resolution 3)**

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 4)**

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,

   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

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

    (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 5)**

NOTICE OF ANNUAL GENERAL MEETING

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 Sevak Restricted Share Plan and the Sevak Performance Share Plan, the 1999 Sevak Employees Share Option Scheme and the 1999 Sevak Employees Share Option Scheme II, collectively shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
   [See Explanatory Note (iii)] **(Resolution 6)**

By Order of the Board

Kim Yi Hwa
Company Secretary
Singapore, 9 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 2 is for the re-election of Mr. Doraraj S as Director of the Company who is retiring at the Annual General Meeting. There are no material relationships (including immediate family relationships) between Mr. Doraraj S and the other Directors of the Company. Further information on Mr. Doraraj S is set out in the section entitled "Additional Information on Director Seeking Re-Election" on pages 187 to 188 of the Annual Report 2018.

(ii) The Ordinary Resolution 5 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 and subsidiary holdings) 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 and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 6 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 Sevak Employees Share Option Scheme, 1999 Sevak Employees' Share Option Scheme II, the 2014 ESOP (for the entire duration of the 2014 ESOP), the Sevak Restricted Share Plan and the Sevak Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares and subsidiary holdings, in the capital of the Company 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.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

The following additional information on Mr. Doraraj S who is seeking re-election as Director at the forthcoming Annual General Meeting to be held on 24 April 2019, is to be read in conjunction with his biography on page 10 of the Annual Report 2018.

Name of Director	**Doraraj S**
Date of Appointment	24 April 2019
Date of last re-appointment	28 April 2017
Age	69
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Upon the recommendation of the Nominating Committee, the Board approved the nomination of re-election of Mr. Doraraj S after reviewing his experience and qualifications.
Whether appointment is executive, and if so, the area of responsibility	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of Audit Committee and a member of Nominating and Remuneration Committees.
Professional qualifications	Mr. Doraraj S holds an MBA in Entrepreneurship from Giberran University, Australian Institute of Education.
Working experience and occupation(s) during the past 10 years	Mr. Doraraj S has more than 40 years of Sales and Marketing experience in the area of Fire Safety and Security, in securing contracts and projects, in the Oil and Gas Industry including the Government Departments. He is a practicing Lawyer who was called as an Advocate and Solicitor of the Supreme Court of Singapore in 2001. 1982 – 2012 Sales & Marketing Director, Yen Lee Fireweld Pte Ltd 2012 – Present Co-Founder and Non-Executive Director, Yen Lee Fireweld Pte Ltd 1996 – Present Co-Founder and Non-Executive Director, Nirul Sdn. Bhd. 2005 – Present Co-Founder and Non-Executive Director, Yen Lee Investment Pte Ltd 2017 – Present Sole Proprietor, Raj Govin Law Practice

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of interest (including any competing business)	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes
Other Principal Commitments Including Directorships	
Past (for the last 5 years)	None
Present	1. Co-Founder and Non-Executive Director, Nirul Sdn. Bhd. 2. Co-Founder and Non-Executive Director, Yen Lee Fireweld Pte Ltd 3. Co-Founder and Non-Executive Director, Yen Lee Investment Pte Ltd 4. Sole Proprietor, Raj Govin Law Practice

SEVAK 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 SEVAK Limited (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 152 Ubi Avenue 4, Ground Floor, Auditorium, Smart Innovation Centre, Singapore 408826 on Wednesday, 24 April 2019 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 2018		
2.	Re-election of Mr. Doraraj S as a Director		
3.	Approval of Directors' fees amounting to S$158,000 for the year ended 31 December 2018		
4.	Re-appointment of Moore Stephens LLP as Auditors		
5.	Authority to issue shares		
6.	Authority to issue shares under the 2014 Employee Stock Option Plan		

Dated this ______ day of ________________ 2019

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

____

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

*Delete where inapplicable

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 9 April 2019.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 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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