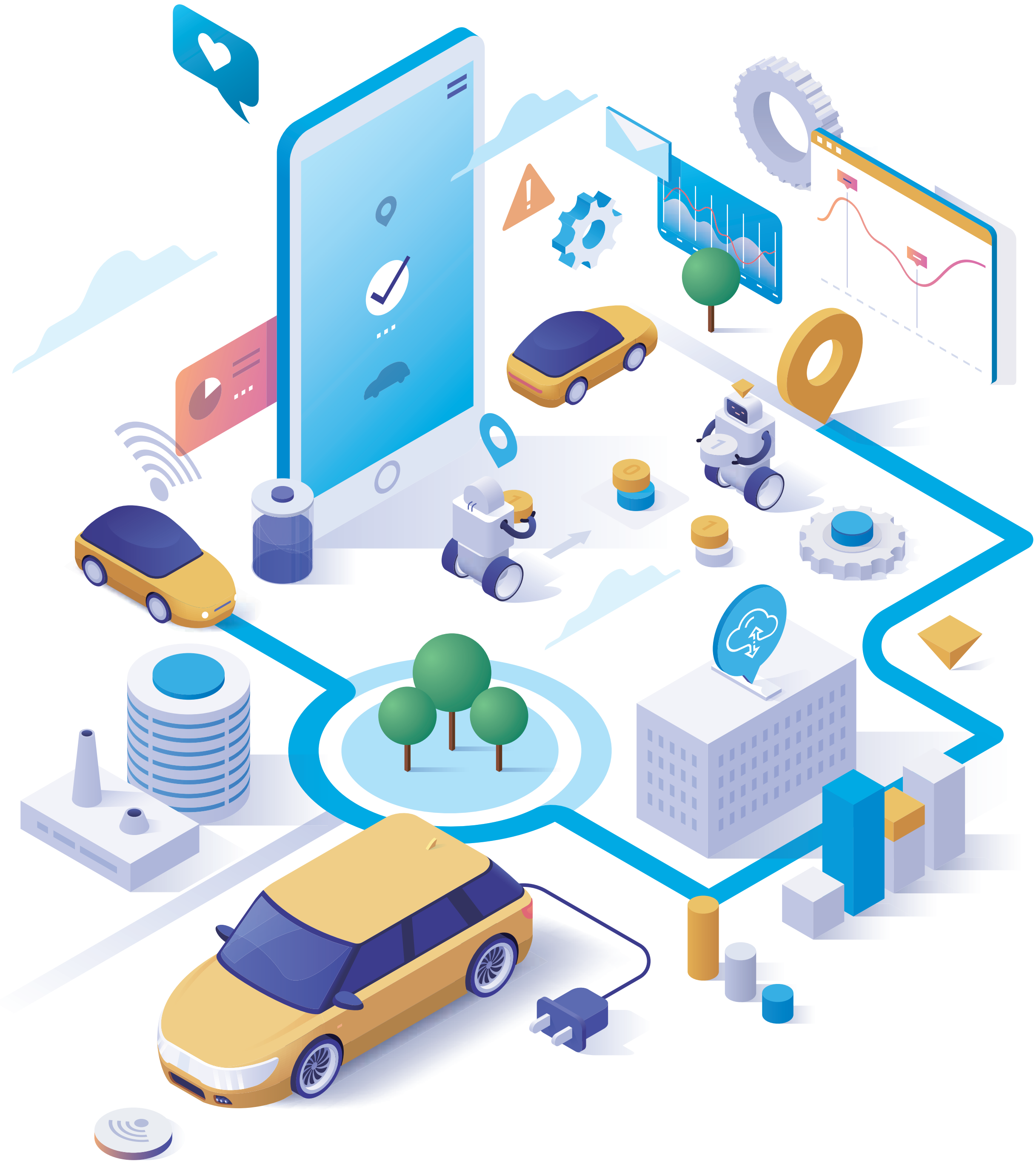
SEVAK LIMITED

WE INNOVATE TO SERVE

(Formerly known as S i2i Ltd)



WE INNOVATE TO SERVE

ANNUAL REPORT 2019

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's prime genre is Telecom and Technology.

The Company's business operations have been broadly classified into two operating segments as below:

- Telecom (this includes the distribution of telecom operator products in Indonesia)
- Technology (this includes the Information Communications and Technology (ICT) Distribution and managed services business in India and Singapore and the Battery Electric Vehicles in Singapore)

In Indonesia, the Company mainly distributes mobile prepaid cards as an authorized distributor of the well-established telecom operators namely PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, PT Indosat and PT Smartfren ("Airtime Business"). The distribution is based on a network of approximately 30,000 resellers along with a network of large number of branch offices and sub branch offices across Indonesia. The Group continues to sell multi-brand, MNC mobile devices through its retail shops in Indonesia, as this also aids in the business of Distribution of Operator products and services. The Company is digitizing its entire distribution network and transforming itself into a digital distribution company, which can provide solutions for distribution of multiple products using the distribution channel.

In the technology segment, through partnerships with companies like HP and IBM, the Company provides both hardware infrastructure and business service integration for governments and corporate clients in Singapore and India. The Company offers integrated onestop 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 "Information 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: SEVAK

BOARD OF DIRECTORS' MESSAGE

DEAR SHAREHOLDERS,

On behalf of the Board, we express our sincere gratitude to all stakeholders for their continuing support to the Company.

During FY 2019, with continuous focus on the business performance, the Company has successfully exited the SGX administered watchlist. This was a significant development for the Company for its business plans.

The controlling shareholders of the Company increased their shareholding to 51% in the Company through a partial offer during FY 2019. This showed the commitment of the controlling shareholders towards the Company and faith in the business.

During FY 2019 the Group recorded turnover of S$290.8 million, an increase of 3.5% over FY 2018. The Group has posted a profit after tax of S$1.03 million.

The Company has classified its business into 2 segments, Telecom and Technology. The Company believes that this classification will help the Company to present the Company's performance in focused areas in a better way.

The Telecom segment is primarily the distribution of operator products in Indonesia where the Company continues to focus on performance and results while working with the telecom operators in Indonesia. This has resulted in a steady business in the territories where the Company is operating for the respective telecom operators. However, pressure on margins continues due to cut throat competition.

The Company has planned a Fintech based pilot in its existing clusters/territories with a Fintech partner to see if the business can grow or margins can be improved. The pilot is to leverage the existing dealer network and user base through microfinance products and other associated products leveraging the software platform of a partner. While these are the challenges for the Industry at large, it is also presenting unique opportunities for the Group to pursue alternative technology based business channels using its large distribution base. This step could be seen as adopting digitization and in line with the Company's strategy to move from Information to Innovation.

The Technology segment consists of the ICT distribution & managed services business in Singapore and India. The Company is keeping a focus on exploring new solutions, pursue large service deals and tie ups with new partners who seek to enter these markets. The Company is also re-skilling its technical and sales staff to bring in service based offerings like Cloud, IoT, Big Data, Server consolidation, Virtualization and other services.

The Technology segment also has the battery electric vehicles (BEV), fleet management business which the Company keeps running and improving efficiency through various business models.

The Company continues to divest loss-making and non-strategic business units and during the year the Company had divested Alpha One Limited, subsidiary of the Company in Hongkong.

After exiting the SGX watchlist, the Company is now planning for new areas of growth to re-energize the Company, adopt technology based digitization of distribution channel in Indonesia and optimize costs in all businesses to boost profitability. The Company is also exploring various options to unlock the potential value of its subsidiaries, especially Selular and its subsidiaries in Indonesia.

With these plans in mind and to provide the Company with the desired vision and strategy, the Company has on 6th March 2020, appointed, the controlling shareholder, Dr Bhupendra Kumar Modi, ("Dr. Modi") as the Chairman of the Board. Dr. Modi will provide vision and strategy to the Group as well as driving the Group's strategic direction and growth. The Board also re-designated Mr. Maneesh Tripathi ("Mr. Tripathi") from being the Executive Chairman and Group CEO of the Company to being the Chairman and Group CEO of Affinity Capital Pte Limited ("Affinity") a 100% owned subsidiary of the Company.

The Board after due deliberation had applied to entrust to Mr. Tripathi a new challenging role at Affinity which operates the Indonesia business of the Group through PT Selular Global Net, Indonesia ("Selular"). The Indonesia based "Distribution of Operator products and Services business" represents the largest part of the Group's business and has been identified as one of the key growth segments. The Board hopes that the re-designation will enable Mr. Tripathi to focus realising this growth potential. Mr. Tripathi will continue to work as the Group CEO of the Company in the interim for transition until 30 April 2020.

The Board is also cognizant of the new challenges being presented by the Covid-19 pandemic. The pandemic is still growing and presenting new challenges. How much this pandemic will affect our businesses is still to be seen and evaluated. The initial feedback on the business environment seems to be adverse across all industries. Any significant disruption on our business due to the Covid-19 pandemic will be informed to the shareholders as needed. The teams in various business units are working hard within the limitations to keep the business running. In view of the same and as a matter of abundant precaution we have applied to postpone the Annual General Meeting of the Company by up to 2 months until 30 June 2020. The Company will keep the shareholders informed about the developments in this regard.

In the end, we would like to thank our stakeholders, business associates and customers for their unwavering support. We also extend our gratitude to the Company's employees, for their counsel, diligence and unwavering commitment shown to the Group.

Thank you!

Board of Directors
Sevak Limited

OPERATIONAL AND FINANCIAL PERFORMANCE REVIEW

OPERATIONAL REVIEW

Sevak Limited ("Sevak", and together with its subsidiaries, collectively, the "Group" or "Company"), primarily operates into the Telecom and Technology segments.

1. Telecom – Distribution of Operator products and services

The Company operates in the Telecom segment in Indonesia and primarily distributes mobile prepaid cards as authorized distributor of the well-established telecom operators namely PT Telekomunikasi Selular (Telkomsel), PT XL Axiata, PT Indosat and PT Smartfren ("Airtime Business"). The Company operates with a large network of branches and sub branch offices covering a network of approximately 30,000 resellers. The Company is digitizing its entire distribution network and transforming itself into a digital distribution company, which can provide solution for distribution of multiple products using the distribution channel.

The Company also sells multi-brand, MNC mobile devices through its retail shops in Indonesia, as this also aids in its business of Telecom – Distribution of Operator products and services.

2. Technology

(A) 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.

(B) Battery Electric Vehicles

The Company continues to operate its Battery Electric Vehicles and related Software related pilot in the field of Battery Electric vehicle fleet management. This is in line with its aim for "Information to Innovation".

These industry verticals continue to have pockets of innovations and some persistent challenges as well. There are new developments which have been reported in these sectors which continue to take shape. Telecom sector is looking forward to the advent of 5G technology and its related innovations in IoT, AI and industry specific business applications which will also come in.

There may be new technology coming in through innovation in battery capacity and range in BEVs and other various technology innovations in BEVs and AVs. ICT has matured into a core industry but this business (SW and HW) may also see changes in technology affecting IoT, Big data, AI and deep learning. All these developments are also being closely watched by the Company.

Company's continuous focus on performance and results in Indonesia is still its prime operations focus in the Telco and operator products business. This has resulted in a steady business in territories by the telecom operators but cut throat competition has resulted in pressure on margins in this business.

The Company has planned some Fintech based initiatives/products in its existing base to see if the business can grow or margins can be improved. While these are challenges for the Industry at large, it is also presenting unique opportunities for the Group to pursue alternative technology based business channels using its large distribution base. The Company has continued to pursue a test bed pilot with a fintech company in Indonesia to adopt digitization in its distribution channel as a means to improve efficiency and growth. This step is in line with the Company's strategy to move from Information to Innovation.

The ICT distribution & managed services business remains largely the same at Singapore and India. The company is keeping a focus on exploring new solutions, pursue large service deals and tie ups with new partners who seek to enter these markets. Reskilling of technical and sales staff still remains a focus going forward for the company as new services based offerings like Cloud, IoT, Big Data, Server consolidation, Virtualization and other services are pursued. The company keeps its focus on servicing, growing and retaining its existing client base.

For the battery electric vehicles (BEV), the Company keeps working and improving efficiency through various business models and its ties with a particular ride hailing app continues. The EV and AV industries are through a churn/growth/change phase as more and more innovations occur in battery/technology and software platforms. The Company continues to study various technology changes and operate.

FINANCIAL REVIEW

The Group recorded a turnover of S$290.8 million during current financial year ended 31 December 2019 "FY 2019" – an increase of 3.5% over revenue of preceding financial year ended 31 December 2018 "FY 2018". Revenue from Technology – Distribution of operator products and services in Indonesia grew by 2.8% during FY 2019 against preceding financial year FY 2018.

The Group continues to be diligent and has been successfully working with the operators to align with their strategies to cross over the transition of voice to data and disruption due to technology based other distribution channels, thereby progressively arresting the decline in revenue. With these actions, the Group has been successful in securing newer business territories from one of the telecom operators and also expansion of its existing business territory by another one of them. The Group also continues to sell multi-brand, MNC mobile devices through its retail shops in Indonesia, as this aids in business of Distribution of Operator products and services. Strengthening of IDR against presentation currency SGD has also resulted in visibly higher increase in revenue over corresponding period/s.

Revenue from Technology – ICT distribution and managed services, also being projects driven business, registered a growth of 8.2% during FY 2019 over corresponding FY 2018. To retain and grow margins, the subsidiaries engaged in this business also continue to be focusing more on services led business.

Visible drop in revenue in business of Technology – BEVs has primarily been on account of shift from employment model to rental model in main.

Correspondingly, there has been change in "Purchases and changes in inventories and direct services fee incurred". Margins in case of Distribution of Operator products and services in Affinity group in Indonesia and Cavu group in Singapore were under pressure during FY 2019.

During FY 2018, pursuant to an arrangement with one of the Telecom operators in Indonesia, Affinity group extinguished certain inventories valuing approximately S$6.0 million of the Operator and correspondingly, the Operator relinquished its right to certain receivables of approximately S$3.9 million from Affinity group. In addition, Affinity group also charged to the operator, a fee of approximately S$2.2 million. Without taking into account said expense of S$6.0 million on account of inventory, explained herein above, Operating expenses during FY 2019 went up by 4.6% over FY 2018. Increase in main had been in manpower cost during FY 2019, that had largely been due to increase in manpower cost of Affinity group, primarily due to operator driven manpower requirement/planning including on account of newer and expansion of business territories and ICT Distribution & managed services. The increase has partially been offset by decrease in case of BEVs due to shift from employment model to rental model.

The Group earned operating earnings (before interest, depreciation, amortisation and taxation) of S$0.2 million during FY 2019 against and S$1.7 million during preceding year FY 2018.

During FY 2019, the Group completed the disposal of one of its subsidiaries (please also refer to announcement dated 26 March 2019), engaged in Voice business, a business since marginalised by Group over last few years and consequently recognised a gain of S$2.0 million, primarily on account of recycle of translation gain of S$2.0 million pertaining to the entity disposed of. During FY 2018, the Group completed disposal of certain entities under its Cavu group (please also refer to announcement dated 2 July 2018), engaged in ICT distribution and managed services and consequently recognized gain of S$0.2 million (net of recycle of translation loss of S$.06 million) on its disposal and also gain of S$0.2 million on account of fair valuation of remaining shares in these disposed entities turned associates. During corresponding year FY 2018, the Group had also disposed off a non-operating subsidiary of the Company (please also refer to announcement dated 2 July 2018), resulting in gain, primarily on account of recycle of translation gain of S$3.7 million pertaining to the entity disposed off.

In line with SFRS(I) 1-36, consequent to review of past performance and value in use of Bharat IT, one of the subsidiaries engaged in ICT distribution & managed services, impairment of certain intangible asset has been reversed to the extent of S$1.7 million during FY 2019. Correspondingly, deferred tax liability of S$0.4 million has also been recognised as Tax expense. Remaining estimated life of the asset has also been increased to 10 years from 5 years.

The Group earned profit before tax of S$1.9 million during FY 2019 against S$4.8 million during FY 2018 respectively, from continuing operations including translation gain/s and reversal of impairment 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 2019 was S$13.7 million against S$19.2 million as at 31 December 2018, primarily on account of increase in inventories and prepayments, partially offset by increase in trade creditors and decrease in trade receivables.

OUTLOOK

Now that the Company has exited the SGX watchlist, going forward, the Company's plan is to focus on the following:

- Plan for new areas of growth to re-energize the Company
- Adopt new measures to digitize the distribution channel in Indonesia and launch the fintech platform
- Optimize costs in all businesses to boost profitability

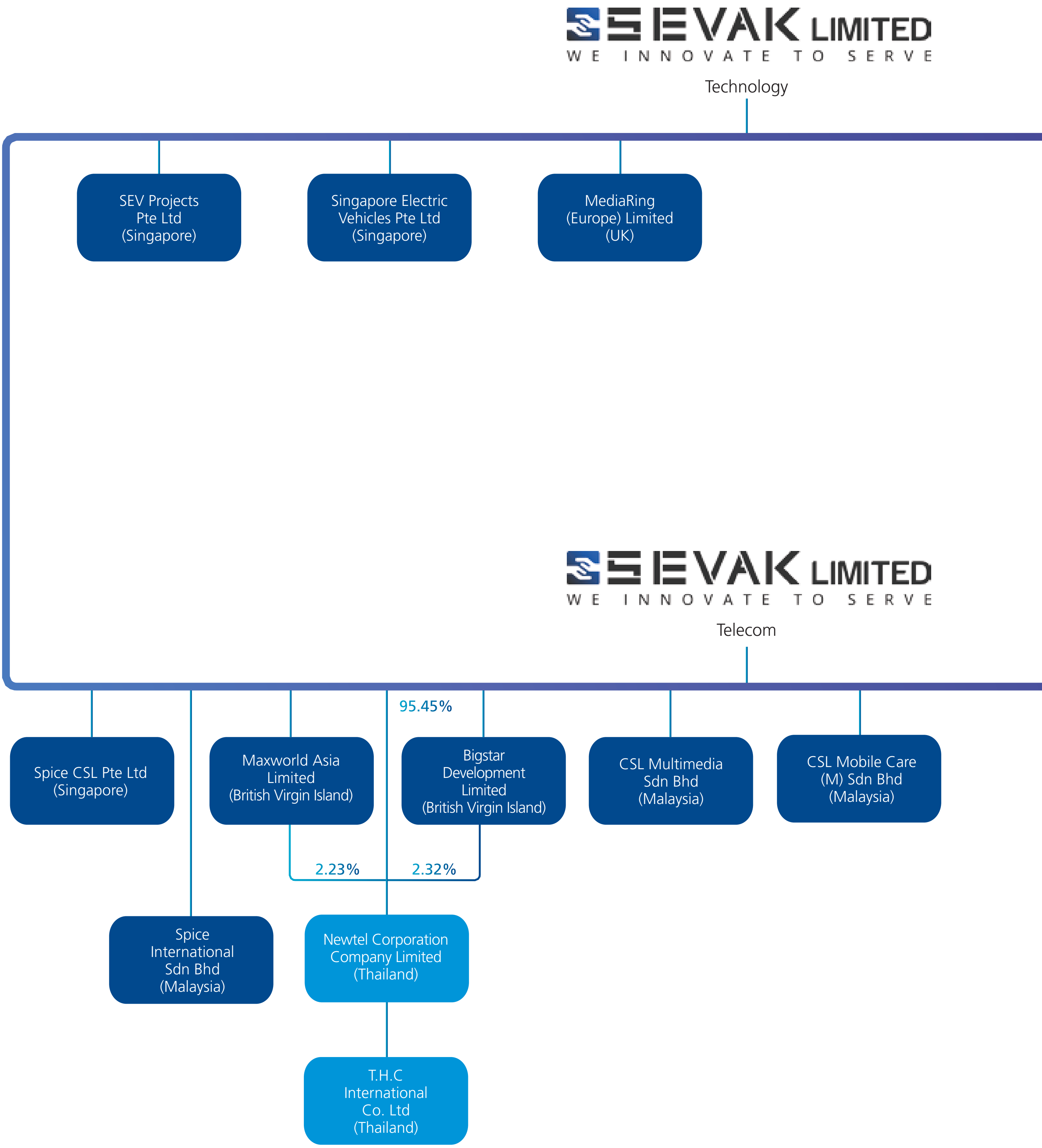
Strategically, the Company has aligned with new innovation oriented strategic partners and has started pilots in the space of EV software, IoT, Big data and edge networks. These efforts will increase the services led component of the business, but will take time to show results as this is an emerging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

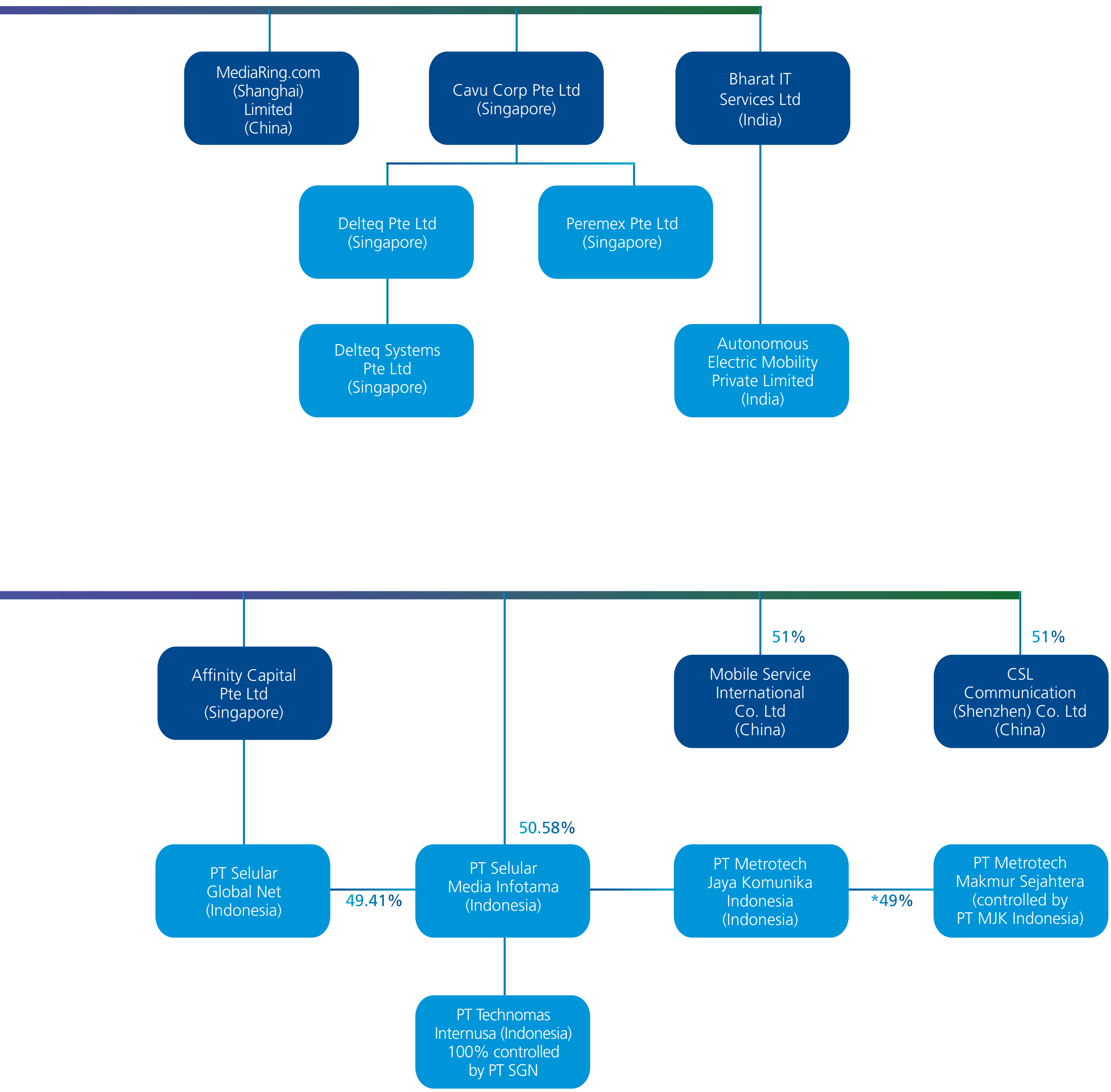
The Company also continues to work on Electric Mobility/Smart mobility, associated software related to EV and AV to find the most appropriate business models and continues plying a fleet of Battery Electric Vehicles in Singapore for passenger land transport.

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

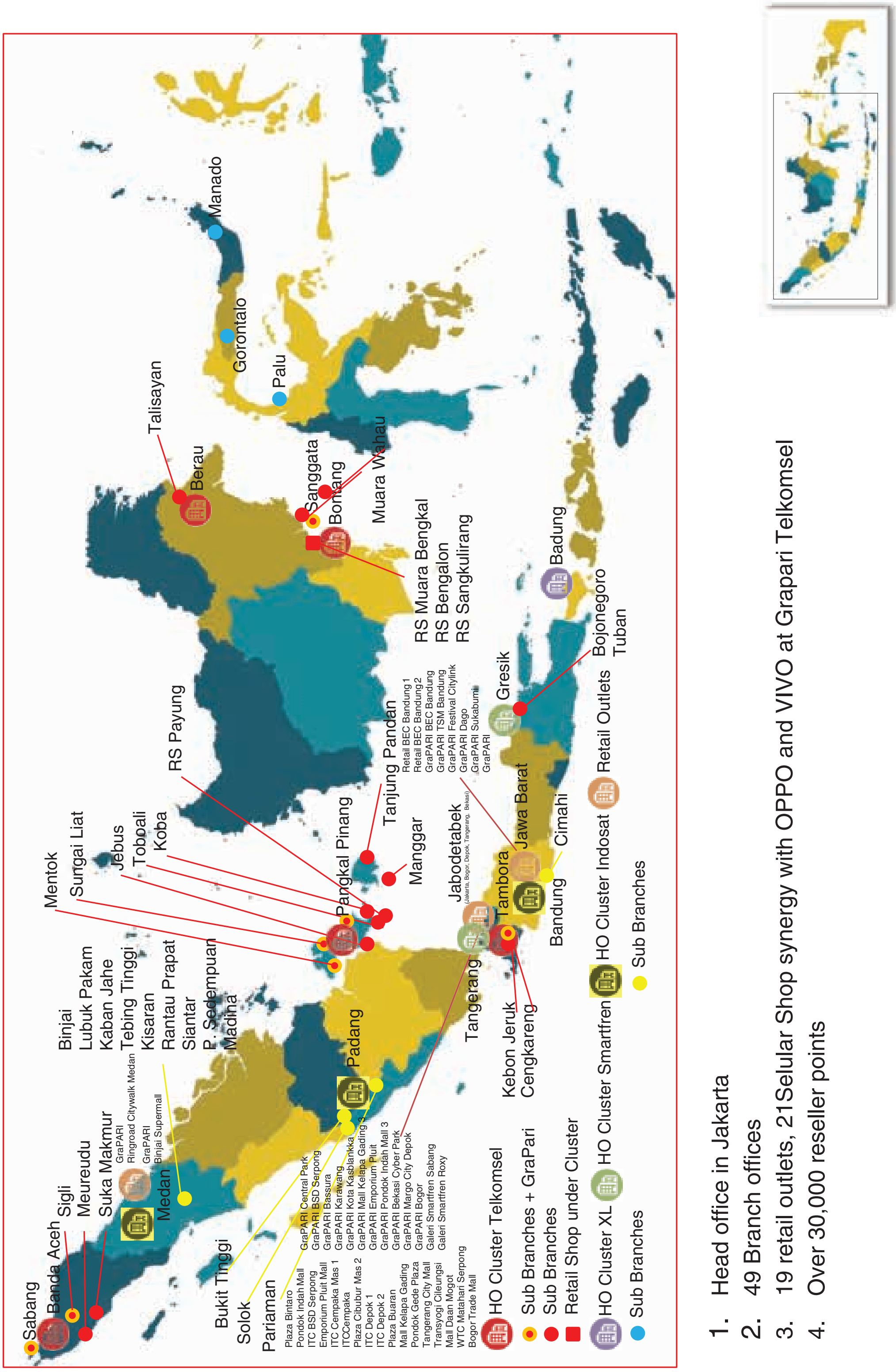



MediaRing.com (Shanghai) Limited (China)
Cavu Corp Pte Ltd (Singapore)
Bharat IT Services Ltd (India)
Delteq Pte Ltd (Singapore)
Peremex Pte Ltd (Singapore)
Delteq Systems Pte Ltd (Singapore)
Autonomous Electric Mobility Private Limited (India)
Affinity Capital Pte Ltd (Singapore)
51%
Mobile Service 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 (controlled by PT MJK Indonesia)
PT Technomas Internusa (Indonesia) 100% controlled by PT SGN

OUR DISTRIBUTION STRENGTH IN MAJOR OPERATIONS

AIRTIME & RETAIL BUSINESS

INDONESIA

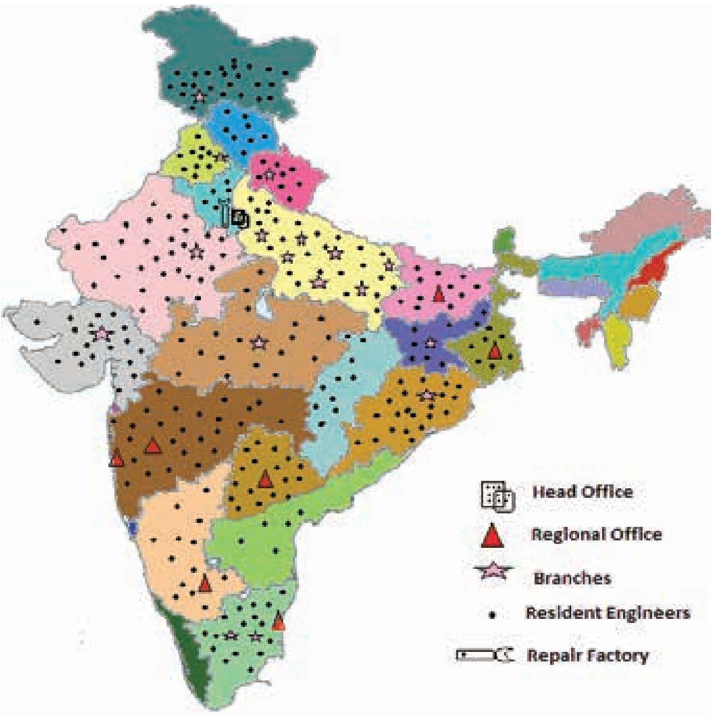


1. Head office in Jakarta
2. 49 Branch offices
3. 19 retail outlets, 21Selular Shop synergy with OPPO and VIVO at Grapari Telkomsel
4. Over 30,000 reseller points

ICT BUSINESS

INDIA

Our Presence in India



- Head Office at Noida
- 6 Regional Offices
- 13 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

DR. BHUPENDRA KUMAR MODI

Chairman, Sevak Limited
Founder Chairman, Smart Group

Dr. Bhupendra Kumar Modi ("Dr. Modi") has been appointed as the Chairman and Non-Executive Director of the Company with effect from 6 March 2020. He has served as Chairman of the Company in the past from 31 August 2009 to 14 November 2013 and from 1 September 2015 to 6 April 2018. In his tenure as the newly re-appointed Chairman of Sevak Limited, he shall focus on creating value and protecting the interests of the shareholders.

Global Thought Leader, Dr. Modi is the Founder-Chairman of the Smart Group – a diversified business conglomerate with business interests in the mobility, finance, healthcare, education, entertainment, clean energy and life sciences. Headquartered in Singapore, the group has a global footprint.

With nearly four decades of business experience, Dr. Modi is known for bringing the latest technologies into India in partnerships with industry leaders like Xerox, Alcatel, Telstra, Olivetti, Axiata, and Singapore Technologies Telemedia amongst others. He is single handedly credited with revolutionising the face of office automation in India and laying the foundation of a digital India, creating immense value for all stakeholders in the process.

In the new phase of his business career, his philosophy of living 'Beyond 100' has become the cornerstone of his endeavours as he attempts to create an ecosystem that enables people to live Happy and Healthy beyond 100. His efforts in the healthcare industry have earned him the epithet of 'Global Leader in Wellness', bestowed by the American Academy of Anti-Aging Medicine.

Dr. Modi's unstinting commitment to the global community is remarkable. As Founder Chairman of the Global Citizen Forum (GCF) and the Hon. President, World Federation of United Nations Associations (WFUNA), he has led discussions with leaders from across the globe and has sought to unite all 'global citizens' in pursuit of a world without borders.

Dr. Modi is a chemical engineer and holds a Master's Degree in Business Administration from the University of South California. He has also been conferred PhD in financial management and a DLitt in industrial management.

MR. DORARAJ S

Lead Independent Director

Mr. Doraraj S ("Mr. Doraraj") 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 Mr. Doraraj 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)

MS. CHADA ANITHA REDDY

Non-Independent Non-Executive Director

Ms. Chada Anitha Reddy ("Ms. Reddy") was appointed as Non-Independent and Non-Executive Director with effect from 7 April 2018. Prior to this, she had been leading the Si2i Human Resources Department. She has over 22 years of managerial experience.

Ms. Reddy 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's initial acquisitions, restructuring operations and spinoffs in Singapore, Thailand, Malaysia and Indonesia.

Ms. Reddy 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.

Ms. Reddy holds a Master of Business Administration degree.

BOARD OF DIRECTORS

MR. TUSHAR S/O PRITAMLAL DOSHI

Independent Director

Mr. Tushar S/O Pritamlal Doshi ("Mr. 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 26 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 currently involved in Crude Oil and various down stream products business from Russia and various other oil producing countries.

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 2020 – 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 2020 – 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 2020 – GOPIO Singapore (Global Organization of People of Indian Origin Singapore) – 2nd Vice President.

SENIOR MANAGEMENT

MR. MANEESH TRIPATHI

Group Chief Executive Officer: Sevak Limited
Executive Chairman and Group Chief Executive Officer – Affinity Group

Mr. Maneesh Tripathi has been the Executive Chairman since September 2019 and Group Chief Executive Officer of Sevak Limited (formerly known as S i2i Ltd) for more than 7 years. The Board on 6 March 2020 re-designated him from being the Executive Chairman and Group Chief Executive Officer of the Company to being the Chairman and Group Chief Executive Officer of Affinity Capital Pte Limited ("Affinity") a 100% owned subsidiary of the Company. Mr. Tripathi continues to work as the Group CEO of the Company in the interim for transition until 30 April 2020.

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 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 29 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. 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. 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).

SENIOR MANAGEMENT

MR. RAKESH KHERA

Chief Financial Officer, Sevak Limited

Mr. Rakesh Khera brings with him total experience of 25+ years including 9+ 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 a 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 IT 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 us a prominent player in this category in India.

This business has been instrumental in shoring up our 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 IT 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, PT Selular Media Infotama

Mr. Mukesh Khetan brings with him a total experience of more than 13 years of handling compliance and legal functions including managing compliance, legal and corporate affairs function for the Sevak Group for the past 7 years.

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

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

He is an associate member of the Institute of Company Secretaries of India and has 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 of 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 and 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 sector etc.

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 based businesses. 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

Dr. Bhupendra Kumar Modi, Chairman
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

152 Ubi Avenue 4
Smart Innovation Centre
Singapore 408826
Tel: (65) 6514 9458
Fax: (65) 6441 3013
http://www.sevaklimited.com/

SHARE REGISTRAR

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

AUDITORS

Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Date of appointment of Auditors: 25 August 2014
Partner-in-charge: Ms. Lao Mei Leng
Date of appointment of Partner-in-charge: 24 April 2019

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 2018 Code of Corporate Governance ("2018 Code"). Reasons for deviations on any guidelines of the 2018 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

Principle 1: The Board's Conduct of its Affairs

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 with a code of conduct and ethics in place 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. The Directors recuse themselves from any discussions and decisions concerning a matter in which they may be in a conflict of interest situation.

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) and these committees have their respective clear written terms of reference setting out their composition, authorities and duties, including reporting back to the Board.

The details of the AC, NC and RC can be found on pages 22 to 31 of this report.

During the financial year from 1 January 2019 to 31 December 2019 ("FY2019"), 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, general meetings, AC, RC and NC held in FY2019, 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		Annual General Meeting
	No. of Meetings										
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	
Mr. Doraraj S	4	4	2	2	6	6	4	4	3	3	✓
Mr. Tushar s/o Pritamlal Doshi	4	4	2	2	6	6	4	4	3	3	✓
Mr. Maneesh Tripathi	4	4	2	2	–	–	–	–	–	–	✓
Ms. Chada Anitha Reddy	4	4	2	2	6	6	4	4	3	3	✓

CORPORATE GOVERNANCE

A Director with multiple directorships is expected to ensure that sufficient time and attention are given to the affairs of the Company.

Prior to each Board or board committee meeting and as warranted by circumstances, Management provides the Board and the relevant board committees with complete, adequate and timely information, relating to matters to be brought before them for them to make informed decisions and to discharge their duties and responsibilities effectively. Periodical reports providing updates on key performance indicators and financial analysis on the performance of the Group, and regular analysts' reports on the Company 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.

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

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

The Board oversees and communicates to the management of the Group on matters that require board approval. The Board 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 letters 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 at the Company's expense, 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 trainings of the Directors. During the year, the directors attended in-house and external programmes, such as those conducted by the Singapore Institute of Directors. Directors may also request training on specific topics of interest. In addition to in-house and external programmes, executive directors have access to training programmes for employees.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

The Directors of the Company during FY2019 were:

1. Mr. Maneesh Tripathi (Executive Chairman & Group Chief Executive Officer)

2. Ms. Chada Anitha Reddy (Non-Independent Non-Executive Director)

3. Mr. Doraraj S (Lead Independent Director)

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

The Board in FY2019 comprised four Directors. The Independent Directors constitute half of the Board.

On 6th September, 2019, Mr. Maneesh Tripathi was appointed as Executive Chairman of the Company and Board. He was responsible for leading and ensuring effectiveness of the Board, as well as driving the Group's strategic direction and growth. Whilst, the Chairman of the Board was executive, the non-executive directors made up a majority of the Board in FY2019. Profiles of the Directors are provided on pages 10 to 12 of this Annual Report.

An Independent Director of the Company is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or officers that could interfere, with the exercise of the Independent Director's independent business judgement in the best interests of the Company.

The Board is cognizant of the recommendation of Provision 2.2 of the 2018 Code which provides that where, inter alia, the Chairman of the Board is not an independent director and the independent directors should make up majority of the Board which shall come into effect from 1 January 2022. The Board composition in FY2019 continues to be complied with guidelines of Code of Corporate Governance, 2012. Furthermore, the Board has Mr. Doraraj S, as lead independent director to provide independent leadership. As such, the Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group. There is adequate accountability and transparency reflected by internal controls established within the Group as well as the fact that at least half of the Board comprise independent directors, which adds a strong element of independence to board decisions.

On 6th March, 2020, Mr. Tripathi ceased to be Executive Chairman and Group CEO of the Company and re-designated to be Chairman and Group CEO of Affinity Capital Pte. Limited ("Affinity"), a 100% owned subsidiary of the Company. Mr. Tripathi would continue to work as the Group CEO of the Company in the interim for transition until 30th April, 2020.

Mr. Tripathi had been the Group CEO for 7 plus years and Executive Chairman for 6 months for the Company. The Board after due deliberation had decided to entrust to Mr. Tripathi a new challenging role at Affinity which operates the Indonesia business of the Group through PT Selular Global Net, Indonesia ("Selular"). The Indonesia based "Distribution of Operator products and Services business" represents the largest part of the Group's business and has been identified as one of the key growth segments. The Board hopes that the re-designation will enable Mr. Tripathi to focus realizing this growth potential.

CORPORATE GOVERNANCE

Mr. Tripathi had also been appointed to the board of directors of the Smart Global Corporate Holding Pte Limited, the holding company of the Company.

The Board gave its deepest thanks and appreciation for the invaluable service and contribution which Mr. Tripathi had provided to the Company during his tenure as Chairman and Executive Director of the Company and its continuing confidence in Mr. Tripathi to lead Affinity.

On 6th March, 2020, the Board appointed Dr. Bhupendra Kumar Modi ("Dr. Modi") as a non-executive director and Chairman of the Company. The Board considered Dr. Modi to be non-independent for the purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.

Dr. Modi is a well-known industrialist in India and Singapore who has served as Chairman of large corporations like Modi Xerox Ltd, Modi Olivetti Ltd, Modi Telstra Pvt Ltd and Spice Communications Ltd etc. A global thought leader and a recognised global futurpreneur, he has forged joint venture partnerships with global giants such as Alcatel, Telstra, Olivetti and Telekom Malaysia (now known as Axiata) amongst others in the past few decades. Dr. Modi's recent ventures in healthcare based on this philosophy of 'Living Happy & Healthy, Beyond 100', have earned him the epithet of being a 'Global Leader in Wellness', accorded by the American Academy of Anti-Aging Medicine. Dr. Modi also serves as the Global Chairman of the OCI Investor Forum, a platform committed to promoting innovation and investment by OCIs.

Dr. Modi will provide vision and strategy to the Group as well as driving the Group's strategic direction and growth.

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.

Membership of the Board and various board committees are carefully selected to ensure that there is 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 NC had reviewed the size of the Board in FY2019 taking into account the nature and scope of the Group's operations. The Board members comprise competent Directors who are able to address the relevant industry and business needs of the Group. 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 was satisfied that the Board in FY2019 was comprised of the Directors who as a whole 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.

CORPORATE GOVERNANCE

The Company is committed to building an open, inclusive and collaborative culture, and recognises the benefits of having a Board with diverse backgrounds and experience. It has adopted a Board Diversity Policy which recognises that a diverse Board will enhance the decision-making process by utilising the variety in skills, industry and business experiences, gender and other distinguishing qualities of the members of the Board. Diversity will be considered in determining the optimum composition of the Board so that, as a whole, it reflects a range of different perspectives, complementary skills and experiences, which is likely to result in better decision-making.

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.

Non-executive directors and/or independent directors, led by the Lead Independent Director, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. 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.

Principle 3: Chairman and CEO

On 6th September, 2019, the company appointed Mr. Maneesh Tripathi as its Chairman and the Group CEO. The Company is cognizant of the recommendations of Principle 3 of the 2018 Code which provides that there is clear division of responsibilities between the leadership of the Board and Management. However, all strategic and major decisions relating to the business and management of the Group are jointly and collectively made by the Board. As such, there is a balance of power, authority and responsibility and to ensure accountability and Board independence and no one individual controls or dominates the decision making process of the Company. All major decisions involving the Company are only executed upon approval by a majority of the Board.

On 6th March, 2020, Mr. Tripathi had ceased to be Executive Chairman and Group CEO of the Company and re-designated to be Chairman and Group CEO of Affinity, a 100% owned subsidiary of the Company and the Board appointed Dr. Modi as Chairman of the Company.

Mr. Tripathi would continue to work as the Group CEO of the company in the interim for transition until 30th April, 2020. The Chairman along with the Board is actively sourcing a new CEO for the Company which shall be announced in due course.

Following the above changes, the composition of the Board is as follows:

Dr. Bhupendra Kumar Modi (Chairman)
Mr. Doraraj S (Lead Independent Director)
Mr. Tushar s/o Pritamlal Doshi (Independent Non-Executive Director)
Ms. Chada Anitha Reddy (Non-Independent Non-Executive Director)

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.

CORPORATE GOVERNANCE

Role of Chairman and CEO

The Chairman leads the Board to ensure its effective and comprehensive deliberations on matters brought to the Board, including strategic issues. At meetings, he promotes a culture of open dialogue and debate, facilitating the effective contribution of all Directors and promotes high standards of corporate governance. The Chairman maintains effective communication with all stakeholders. At shareholder meetings, the Chairman ensures constructive dialogue between shareholders, Directors and Management. The Group CEO is responsible for making strategic proposals to the Board and implementing the Group's strategies and policies as well as the Board's decisions. He performs the executive responsibility for the day-to-day management of the Group, with the support of Management. When working with the Board, the Group CEO is expected to forge a productive and synergistic relationship, where both the Board and the Group CEO work in partnership for the long term success of the Company.

Mr. Doraraj S continues to be the Lead Independent Director of the Company in FY2019. As a lead independent director, Mr. Doraraj is available to provide independent leadership. He is available to shareholders apart from the normal channels of communication with the Chairman or Management. 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.

Principle 4: Board Membership

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 Non-Executive Director (Member)

Majority of the NC members including the chairman are independent directors.

The NC's key terms of reference includes review of succession plans for directors, in particular the appointment and/or replacement of Chairman, the CEO and key management personnel, evaluation of performance of board, board committees and its directors, identifying and selecting new Directors, review of training and professional development programmes for the Board and its 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 to 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.

CORPORATE GOVERNANCE

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

In accordance with Article 104 of the Company's Constitution, at least one-third of the Directors (or if the number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation at every Annual General Meeting ("AGM") and each Director is subject to retirement at least once in every three years. 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 had reviewed the independence of the Independent Directors who were present on the Board in FY2019 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.

Annually, the NC assesses the Board size and composition and each director's independence. 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.

There are no Alternate Directors appointed in the Company.

Key information of the Directors are set out in the following pages of the Annual Report: academic, professional qualifications, principal commitments are set out on page 10 to 12 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
Dr. Bhupendra Kumar Modi	71	Chairman	6 March 2020	Due for re-appointment
Mr. Doraraj S	70	Lead Independent Director	15 July 2016	24 April 2019
Mr. Tushar s/o Pritamlal Doshi	53	Independent Director	15 July 2016	30 April 2018
Mr. Maneesh Tripathi	57	Group CEO	23 March 2017	Ceased to be Chairman and Director on 6 March 2020
Ms. Chada Anitha Reddy	48	Non-Independent and Non-Executive Director	7 April 2018	Due for re-election

Information on the shareholdings in the Company of each Director is set out on page 55 of the Directors' Statement.

CORPORATE GOVERNANCE

Principle 5: Board Performance

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 FY2019, the NC had evaluated the performance of the Board as a whole and its committees and individual directors. An evaluation questionnaire was circulated and results were aggregated by the Company Secretary and reported to the Chairman of the NC to ensure objectivity and transparency in the process.

Each Director is required to complete a board, its committees and individual performance 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 Chairman, with recommendation of the NC would act on the results of the performance evaluation, with the view of strengthening the Board as a whole, its committees and individual director to enhance its effectiveness and performance. Throughout the year FY2019, 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 FY2019, the Board, its committees and individual directors 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.

(B) REMUNERATION MATTERS

Principle 6: Procedures for developing remuneration policies
Principle 7: Level and mix of remuneration
Principle 8: 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 Non-Executive Director (Member)

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

CORPORATE GOVERNANCE

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 Key Management personnel; and

(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, the specific remuneration packages and termination terms for each Director.

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.

During FY2019, only the independent directors were paid fees and Non-Executive directors who were not independent have not been paid any fee 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 independent directors receive their fees in accordance with their level of contributions, taking into account factors such as their responsibilities, effort and time spent for serving on the Board and the 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 FY2019. This recommendation has been endorsed by the Board and would be tabled at the forthcoming AGM for shareholders' approval.

CORPORATE GOVERNANCE

The level and mix of each of the Directors' remuneration are set out below for the FY2019.

	Fees %	Salary %	Bonus %	Share-based Payment %	Total S$
S$750,000 and below					
*Mr. Maneesh Tripathi	–	35%	65%	–	–
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 management personnel details.

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.

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 FY2019.

Information on the Group's ESOS, RSP and PSP is set out in the Directors' Statement on page 55 to 56.

The remuneration details of the key management personnel in FY2019 is set out below:

<table>
<tr><th>No.</th><th>Employee Name</th><th>Designation</th><th>Basic</th><th>Variable Pay</th><th>Total</th><th>Salary Range In SGD</th></tr>
<tr><td>1</td><td>Mr. Maneesh Tripathi</td><td>Group CEO</td><td>35%</td><td>65%</td><td>100%</td><td>500,000-750,000</td></tr>
<tr><td>2</td><td>Mr. Rakesh Khera</td><td>Group Chief Financial Officer</td><td>61%</td><td>39%</td><td>100%</td><td>250,000-500,000</td></tr>
<tr><td>3</td><td>Mr. Rusli Sufianto</td><td>Chief Operation Officer, Selular Group</td><td>76%</td><td>24%</td><td>100%</td><td rowspan="3">0-250,000</td></tr>
<tr><td>4</td><td>Mr. Arun Seth</td><td>Chief Executive Officer, Bharat IT Services Limited</td><td>71%</td><td>29%</td><td>100%</td></tr>
<tr><td>5</td><td>Ms. Lim Wee Hoon (Kelly)</td><td>Deputy GM, Delteq Business</td><td>88%</td><td>12%</td><td>100%</td></tr>
</table>

The aggregate remuneration (excluding statutory taxes) paid to the above key management personnel in FY2019 was S$1,516,155.

CORPORATE GOVERNANCE

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 management personnel as recommended by the Code. The information on performance conditions of the key management personnel in FY2019 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 management personnel to reclaim incentive components of their remuneration paid in prior years.

There were no terminations of key management personnel in FY2019. The RC would review the Company's obligations arising in the event of termination of executive director and key management personnel contracts of service, to ensure that the termination clauses are fair and reasonable.

There is no employee who is related to a director, the CEO or substantial shareholder whose remuneration exceeds S$100,000 in the Group's employment for FY2019.

(C) ACCOUNTABILITY AND AUDIT
INTERNAL CONTROLS AND RISK MANAGEMENT
Principle 9: Sound system of Risk Management and Internal Controls

The AC is delegated with 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 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 (1) the Group CEO and the Group Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements for the year ended 31 December 2019 give a true and fair view of the Group's operations and finances and (2) the CEO and the other key management personnel who are responsible regarding the adequacy and effectiveness of the company's risk management and internal control systems, addressing the financial, operational, compliance and information technology risks.

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 concurs and the Board is 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 2019.

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 10: 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 (Member)

All the members of the AC are Non-Executive and the majority of the AC members 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 FY2019. The number of the Directors' participation and attendance at the AC meetings held during the FY2019 can be found on page 17 of this Report.

The key roles of AC including but not limited to:–

(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 at least annually the adequacy and effectiveness of the Company's internal controls and risk management system, addressing financial, operational, compliance and information technology risks;

(v) reviewing the interested party transactions;

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

(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;

(viii) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;

(ix) Reviewing the assurance from the CEO and CFO on the financial records and financial statements; and

(x) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit functions.

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 FY2019, 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 to discuss any issues arising from audits.

CORPORATE GOVERNANCE

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.

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 59 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 60 of this Annual Report for the audit report on the matter. The AC concurred with Management's assessment of the allowance for inventory obsolescence and concluded that the disclosures in the financial statements were appropriate.

CORPORATE GOVERNANCE

Significant Matters	How the AC reviewed these matters and what decisions were made
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 and loan receivable. 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 61 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 loan receivable and concluded that the disclosures in the financial statements were appropriate.

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 primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

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 its 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.

CORPORATE GOVERNANCE

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder rights and conduct of general meetings
Principle 12: Engagement with Shareholders

Shareholders are entitled to participate and vote at general meetings of shareholders. The Board welcomes questions from institutional and retail shareholders who have an opportunity to raise issues either formally at or informally after the general meeting to allow shareholders to communicate their views on various matters affecting the company. 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.

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.

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

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

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

The Company Secretary prepares minutes of shareholders' meetings which incorporates substantial comments and responses from the Board and Management. These minutes include substantial and relevant comments or queries from shareholders and responses from the Chairman, Board members and Management are available to shareholders upon their requests. Currently, the Company does not publish such minutes of the meetings on its corporate website. However the minutes are available to shareholders upon their request.

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.

CORPORATE GOVERNANCE

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

(i) quarterly and full year financial results announcements, announcements of corporate information in accordance with the requirements of SGX-ST, and press releases 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 Shareholders would also be briefed on the voting procedures and the resolutions that they are voting on;

(v) the websites of the Company (www.sevaklimited.com) at which shareholders and the public may access information on the Group; and

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

The Board has adopted the formal investor relations policy ("IR Policy") which sets out the mechanism through which shareholders may contact the company and through which the company may respond to such questions. The IR Policy allows for an exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders. The IR Policy is available on its corporate website- sevaklimited.com.

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 FY2019 as the Group intends to conserve cash for future investments. The Group has not raised any money from shareholders after 2011, however it has paid back cash in the form of capital reduction and share buyback. The group continues to be conservative in respect of borrowings. The company is conserving cash for supporting increase in revenues both from existing business and new business streams.

(E) MANAGING STAKEHOLDER RELATIONSHIPS
Principle 13: Engagement with Stakeholders

The Board has adopted the formal investor relations policy ("IR Policy") which sets out the mechanism governing the communication channel through which its stakeholders may contact the company and through which the company announces its financial results, general announcements, press release, answers to its stakeholders queries etc. The IR Policy allows for an exchange of views so as to actively engage and promote regular, effective and fair communication with stakeholders. The IR Policy is available on its corporate website- sevaklimited.com. The Company maintains the highest professional and ethical standards in dealings with its stakeholders and ensures that the best interests of the Company are served.

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.

CORPORATE GOVERNANCE

(F) 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.

(G) 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.

(H) 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 while in possession of price-sensitive information and the Company and its officers also should abstain from dealing with the Company's securities for the period of one month immediately preceding, and ending on the date of the announcement of the Company's semi-annual financial results or financial results for the full financial year.

CORPORATE GOVERNANCE

(I) 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	Nature of Relationship	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	Controlling Shareholder Group company.	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 24 April 2019.
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

BOARD STATEMENT

BOARD STATEMENT

We are pleased to present the annual Sustainability Report of Sevak Limited ("Sevak", the "Company" and together with its subsidiaries, the "Group") for our financial year ended 31 December 2019 ("FY2019").

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The board of directors of the Group (the "Board") oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies.

REPORTING FRAMEWORK, PERIOD AND SCOPE

This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B, and references the Global Reporting Initiative ("GRI") Standards, Core option. We have chosen to report using the GRI Standards because it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes reporting a full and balanced picture of Sevak's material matters and the management of its impact. This report highlights the key economic, environmental, social and governance ("EESG") related initiatives carried throughout a 12-month period, from 1 January 2019 to 31 December 2019.

FEEDBACK

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to investor-relations@sevaklimited.com

Date:
2 April 2020

SUSTAINABILITY REPORT

OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY REPORTING PROCESS

A summary of our sustainability reporting process is as set out below:

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.

Stakeholders	Engagement Platforms	Frequency	Key concerns
Suppliers	Face-to-face meetings		Fair and transparent procurement
	– Coordination Meeting with branch manager or operation level	Daily	
	– Review and action plan for monthly target	Monthly	Joint development
	– Socialization product, program and new regulation	Quarterly	Contracts fulfilment
	– National Gathering, commitment next year target	Annually	
	Vendor Assessment		
	– KPI target	Monthly	
	– Agreement renewal	1-3 years	
	Awarding & Reward	Annually	

SUSTAINABILITY REPORT

Stakeholders	Engagement Platforms	Frequency	Key concerns
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	
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	
Bankers	Face-to-face meetings	Quarterly Business update	Timely fulfilment of the financial obligations
	Lunches	Quarterly Business update	
	E-mails/Phone call	Daily basis in operational side	
	Meetings	Quarterly Business update	

SUSTAINABILITY REPORT

Stakeholders	Engagement Platforms	Frequency	Key concerns
Local Communities	Sponsorship	Occasionally	Contribution to the local employment and economic development Support for the local suppliers Volunteer activities
	Donations	Occasionally	
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:

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

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

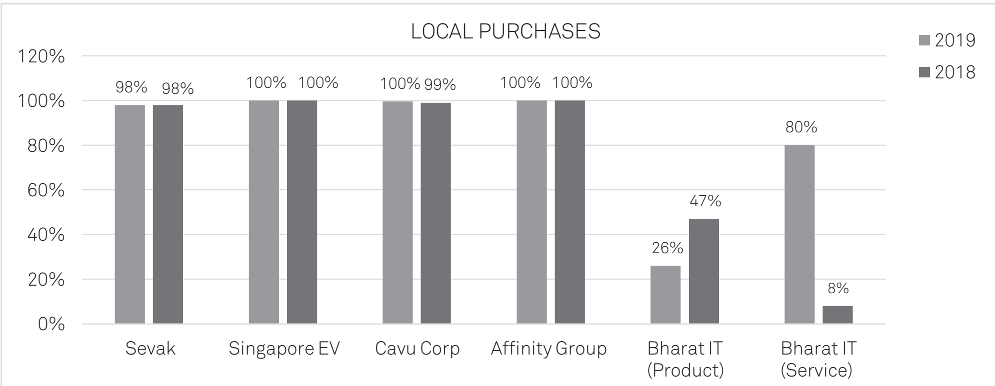
Sevak firmly believes that focusing on financial sustainability is critical. The Company's basic principle is that long-term profitability and shareholder value is ensured by taking into account the interests of stakeholders, such as shareholders, employees, suppliers and society as a whole.

For detailed financial results, please refer to the following sections in our Annual Report 2019:

- Operational and Financial Performance Review, pages 04 to 05
- Financial Statements, pages 58 to 182

PROCUREMENT PRACTICE

The following chart represents our purchases that were sourced locally in FY2018 and FY2019:



We will continue to source our purchases locally.

ANTI-CORRUPTION

Sevak does not tolerate any form of corruption. This has been made clear to all of our employees, our suppliers and our business partners. Similar to the past years, there were no incidents of corruption reported in FY2019. We have achieved zero incident of corruption in the Group and we aim to maintain zero incidents of corruption.

Whistle-blowing policy

As approved by the Board, the Company has put in place a whistle-blowing policy which provides 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 during the FY2019.

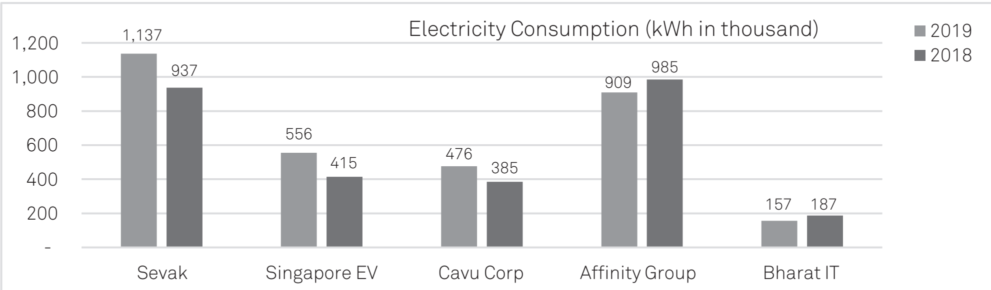
SUSTAINABILITY REPORT

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.

Our total electricity consumption are as follows:



The group's overall energy consumption increased by 11% due to increased business activity including the battery electric vehicle business as well as higher electricity consumption at the corporate head office due to our corporate actions during FY2019.

The Group is cognizant of its responsibility to promote and encourage the culture of optimum utilization of energies and reduce wastage to minimal throughout the group and it will continue to optimally utilize electricity in future.

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 have engaged a certified agent to manage our waste relating to mobile phones and computers according to the regulation.

Per recent circular of the Indian Government, Bharat IT has complied with E-Waste (Management) Rules. In both FY2018 and FY2019, we have enhanced 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 FY2019 and FY2018 and we endeavor to maintain this track record. We aim to maintain zero incidents of non-compliance.

SUSTAINABILITY REPORT

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 of its employees. Our employees are not covered by collective bargaining agreements but are given the right to exercise freedom of association.

Throughout the year, Sevak, SEV and Cavu Group held a range of activities to foster team-building such as Bintan trip and Bowling games for the employee and arrangement of Chinese New Year lion dance performance during the year 2019.

In Affinity Group, we have open fasting together, team breakfast, lunches and dinner. In Bharat IT, the company conducted three outings to foster team building.

We aim to host more of such bonding activities in the company.

Company Team Building – Bintan Lagoon Resort 7 to 8 September 2019

SUSTAINABILITY REPORT

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 place security and administration policies applicable to all employees of the Group. This policy is to ensure that no untoward incidents in the office premises 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. Specifically in Bharat IT, the team is adequately trained on taking safety measures related to electrical shocks. In Sevak, our specialist employees who are handling the physical inventories of servers and IT systems, are required to wear gloves, safety boots, helmets and safety jackets for safety purpose.

In addition, we also have group insurance policies for our staff that is over and/or in addition to 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 capabilities.

We are proud to report that there have been no work place incidents for FY2019 (FY2018: Nil). We aim to maintain zero instance of work-related injury in the future as well.

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. As in the past, we have sent our employees to different trainings.

The group provided 658 hours of training to its employees (FY2018: 281.5 hours) in FY2019. Sevak sent employees to five external trainings (mostly HR-related) totaling 32 hours (FY2018: 11.5 hours).

Similar to the past, 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 Principal's business at least once a week for about 3 to 5 hours attended by at least 20 to 30 staff. Another training done for twice a year in Affinity Group is the Building Sales Team Work for about 3 to 5 hours attended by 50 to 100 people in each cluster.

In Cavu group, our employees attended internal trainings, HP trainings, and external trainings to upgrade their skills, with a total of 350 hours (FY2018: 18 external certification courses of 18 sales and engineering staff to upgrade their skills, with a total of 88 training hours).

For Bharat IT in India, hardware training was performed for 15 engineers for 6 hours (FY2018: 100 hours of technical skills upgradation conducted by principal and 30 hours of product training).

We will pursue the current practice of strengthening the skills of our employees. We will continue to provide trainings to our employees for their development in FY2020.

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 of 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.

SUSTAINABILITY REPORT

We have complied with PDPA Act wherein we have established our group's PDPA policy as well as appointed a Data Protection Officer.

In FY2019, there was no complaint received from any customer regarding breach of privacy or loss of customer data (FY2018: Nil).

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 was incorporated in the letter.

We aim to achieve zero incidents of non-compliance and complaint in future as well.

Innovation and Technology Award to Sevak Limited

Team Building Event of Affinity Group

Direct Sales Team Award to Affinity Group

CSR Activity by Bharat IT

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.

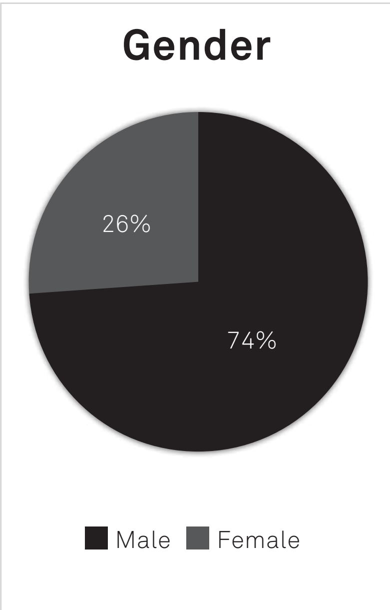
SUSTAINABILITY REPORT

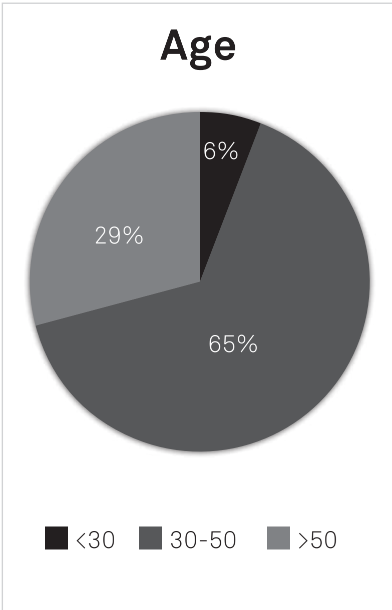
As at 31 December 2019, we had a workforce of 21 (FY2018: 26) employees in SEV and 8 (FY2018: 7) employees in Sevak, 37 (FY2018: 38) employees in Cavu Group, 1,169 (FY2018: 1,009) employees in Affinity Group and 1,129 (FY2018: 1,081) employees in Bharat IT. Decrease in the total number of employees in SEV is primarily due to the reason that the SEV has focused to rent out rather hire our own drivers. Increase in Affinity's headcount was due to business expansion from Operator Telkomsel (Berau) & Operator Indosat (Padang, Bandung Inner).

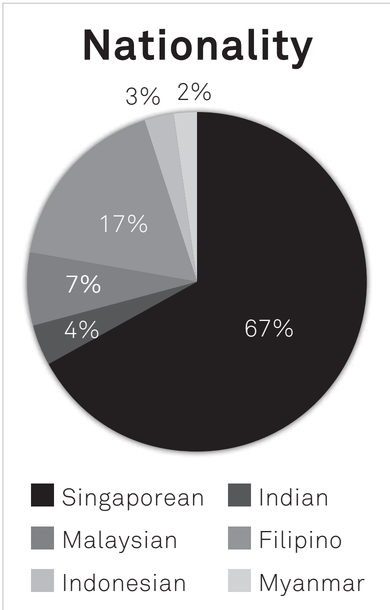
Our headcounts were distributed as follows:

Sevak, SEV and Cavu Group

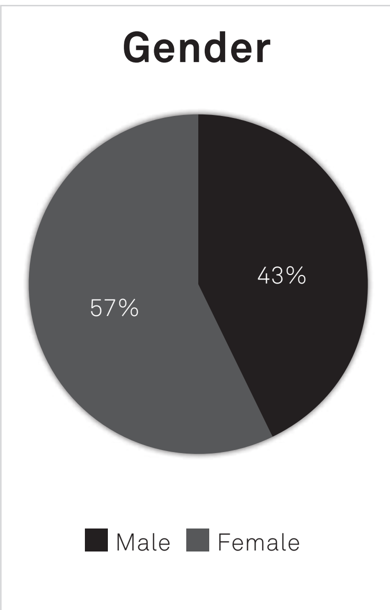
2019

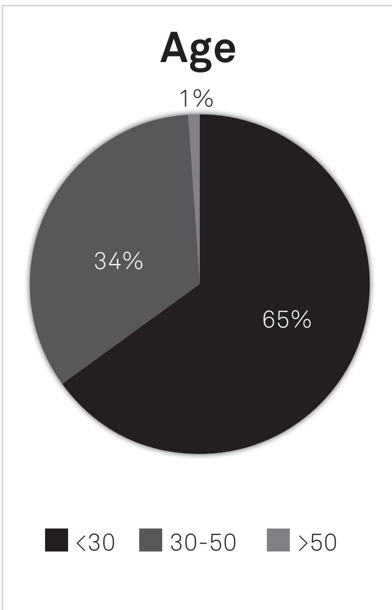


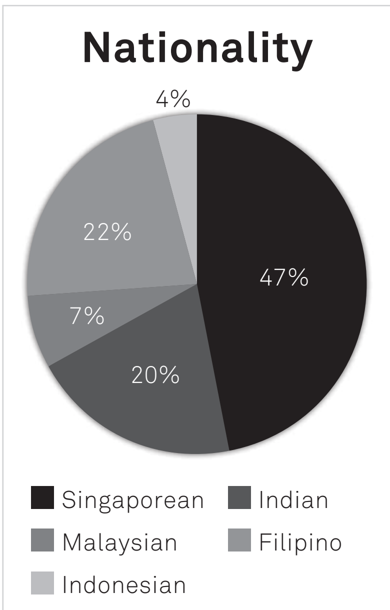




2018



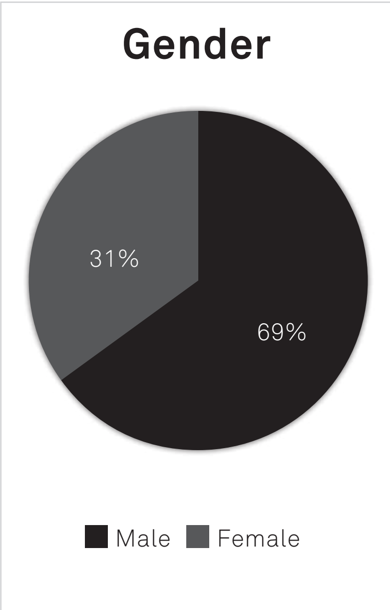


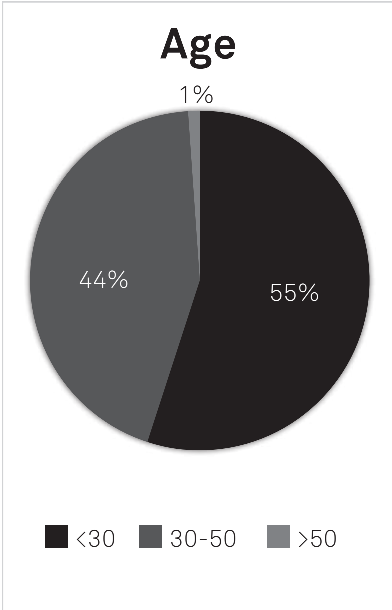


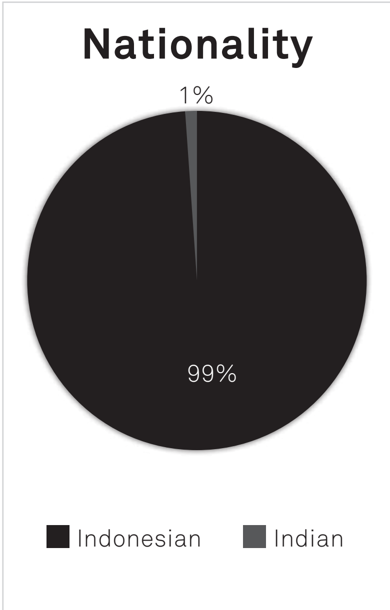
SUSTAINABILITY REPORT

Affinity Group

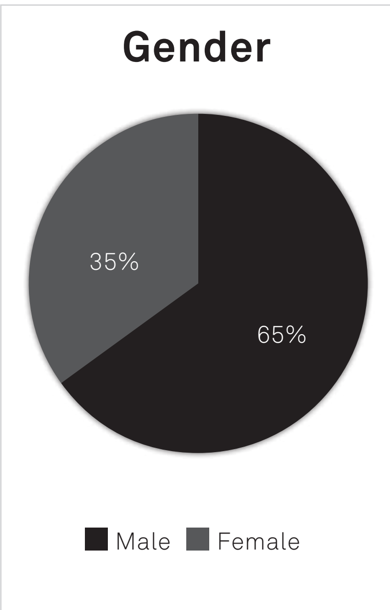
2019

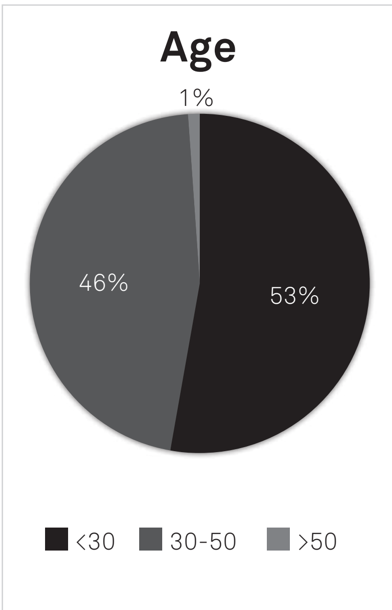


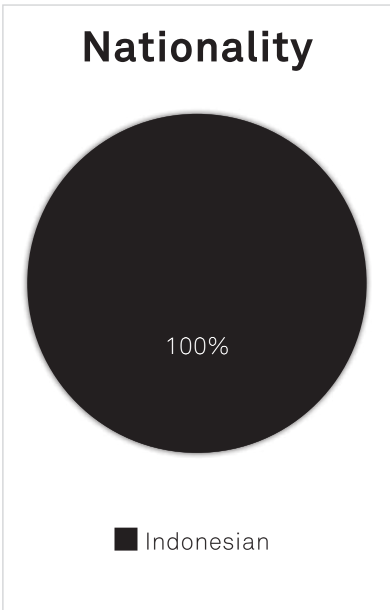




2018



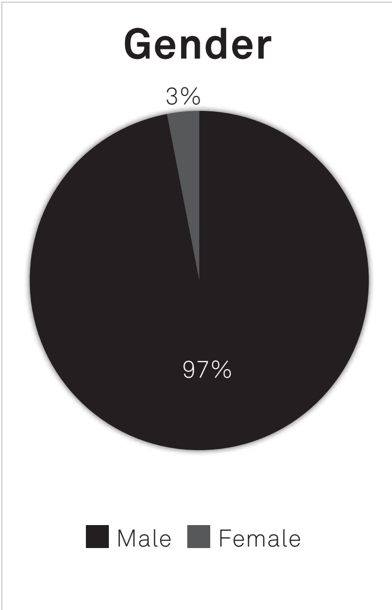


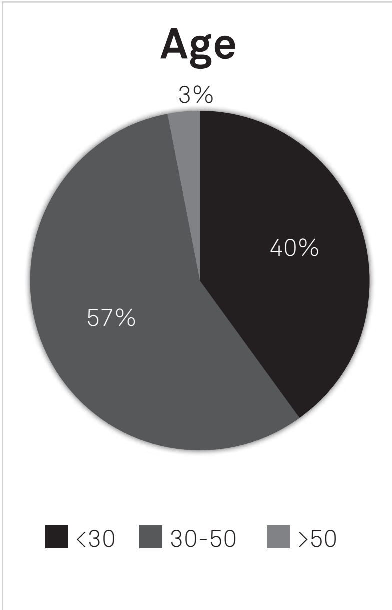


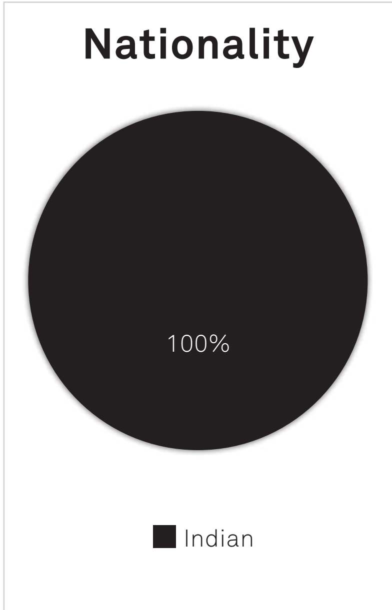
SUSTAINABILITY REPORT

Bharat IT

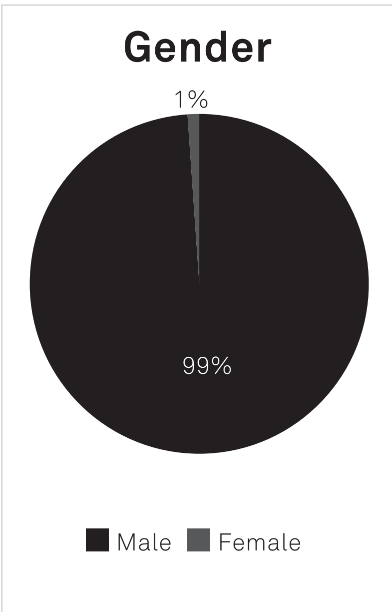
2019

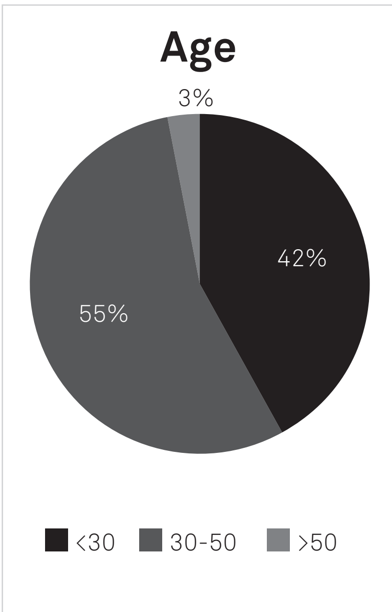


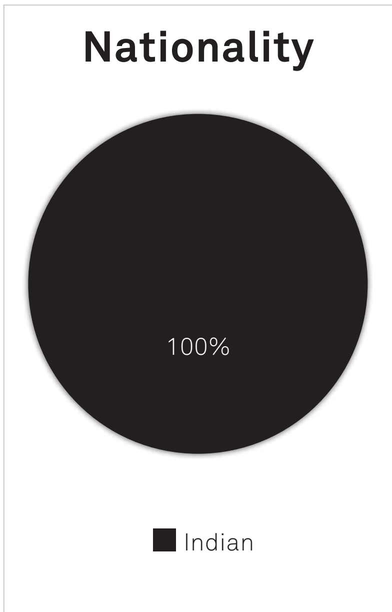




2018







SUSTAINABILITY REPORT

LOCAL COMMUNITIES

Sevak embraces the philosophy of giving back to the community by encouraging proactive involvement in the Group's various corporate social responsibility ("CSR") initiatives and environmental conservation programs. Contributing time and resources, Sevak is committed to aid the development and improvement of the society in which we live and work. In both FY2018 and FY2019, the Group has made donations and sponsorships in their respective countries. In Singapore, we have made SGD 29,000 (FY2018: SGD 20,000) donations for the following:

- SIAS_20th Anniversary Celebration
- Millennium United Cricket Club Silver Sponsorship
- Jewish Business Forum_27th Israel Film Festival Sponsorship
- 50th Anniversary of Shree Lakshminarayan Temple
- Donation for Singapore Malayalee Hindu Samajam volunteer gathering
- Donation for Sri Srinivasa Kalyanotsavam 2019
- One table for Diwali Celebration Dinner 2019
- Dyslexia Association of Singapore

Bharat IT has made a donation of SGD 34,000 (FY2018: SGD 29,000) towards its CSR to Bhartiya Gramotthan Sanstha, a body engaged in development of rural areas and villages in India. Affinity group continues to support few orphanages and does charity at the time of occurrence of natural disasters like floods and earthquake and were able to donate SGD 8,500 (FY2018: SGD 11,000).

We aim to continue with contributing to the local communities as per the need and requirement by the law.

SOCIOECONOMIC COMPLIANCE

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

We aim to continue to achieve the zero incidents of non-compliance in all material aspects throughout the different departments of the company.

AWARDS

Sevak received the following awards in 2019:

- Award for Innovation and Technology

Affinity Group received the following awards in 2019:

- Best dealer of XL Real GA Achievement
- Best dealer of Tower Profitability
- Best dealer of Axis real revenue
- Best distribution performance

SUSTAINABILITY REPORT

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 FY2019 pages 17 to 35 for details of the Group's Corporate Governance Report.

As in prior year, we will continue to comply with the Code of Corporate Governance and meet all requirements that are expected of us by our stakeholders. In case, any deviations are found, the company shall make the necessary disclosure as per the requirement of Code of Corporate Governance.

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 pages 27 to 28 of our Annual Report FY2019.

We aim to review the ERM policies regularly to ensure all relevant risks are identified, communicated and addressed timely.

BUSINESS ETHICS AND COMPLIANCE

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 Ethics 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 policies 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.

Our target is to ensure all allegation received are promptly addressed and to maintain zero incidents of non-compliance.

MEMBERSHIP

Singapore Manufacturing Federation
Singapore Indian Chamber of Commerce and Industry
Singapore Venture Capital & Equity Association
Singapore Business Federation
Bhojpuri Association of Singapore
Singapore Cricket Club
India Indonesia Chamber of Commerce

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure		Reference/Description
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1	Name of organization	Sevak Limited
	102-2	Activities, brands, products and services	Annual report (AR) page 1, http://www.sevaklimited.com/services.html
	102-3	Location of headquarters	Singapore
	102-4	Location of operations	AR pages 6 to 9
	102-5	Ownership and legal form	AR pages 6 to 7
	102-6	Markets served	AR pages 6 to 9
	102-7	Scale of the organization	AR pages 6 to 9
	102-8	Information on employees and other workers	Sustainability report (SR) pages 45 to 48
	102-9	Supply chain	Our suppliers are primarily based out of Indonesia, Singapore, China where we are doing our business supplying us telecom operator products, our Electric Vehicles have been supplied to us in Singapore manufactured in China by BYD.
	102-10	Significant changes to the organisation and its supply chain	None
	102-11	Precautionary Principle or approach	Sevak supports the intent of the Precautionary Principle, but has not expressed a specific commitment
	102-12	External initiatives	SR page 49
	102-13	Membership of associations	SR page 50
	102-14	Statement from senior decision maker	SR page 36

SUSTAINABILITY REPORT

GRI Standard	Disclosure		Reference/Description
	102-16	Values, principles, standards and norms of behaviour	SR pages 50
	102-18	Governance structure	SR page 50, AR pages 17 to 35
	102-40	List of stakeholder groups	SR pages 37 to 39
	102-41	Collective bargaining agreements	None
	102-42	Identifying and selecting stakeholders	SR page 37
	102-43	Approach to stakeholder engagement	SR pages 37 to 39
	102-44	Key topics and concerns raised	SR pages 37 to 39
	102-45	Entities included in the consolidated financial statements	AR pages 132 to 134
	102-46	Defining report content and topic boundaries	SR page 36
	102-47	List of material topics	SR page 39
	102-48	Restatement of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	1 January to 31 December 2019
	102-51	Date of most recent previous report	23 May 2019
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions about the report	SR page 36
	102-54	Claims if reporting in accordance with the GRI Standards	SR page 36
	102-55	GRI content index	SR pages 51 to 53
	102-56	External Assurance	We may seek external assurance in the future.

SUSTAINABILITY REPORT

GRI Standard	Disclosure		Reference/Description
MATERIAL TOPICS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	SR page 40
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	SR page 40
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	SR page 40
GRI 302: Energy	302-1	Energy consumption within the organization	SR page 41
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	SR page 41
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR page 43
GRI 404: Training and Education	404-1	Average hours of training per year per employee	SR page 44
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR pages 45 to 48
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	SR page 49
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR pages 44 to 45
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	SR page 49

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited consolidated financial statements of Sevak Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2019, and the statement of financial position of the Company as at 31 December 2019.

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 2019 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:

Dr. Bhupendra Kumar Modi	(Non-Executive Director and Chairman)*
Doraraj S	(Lead Independent Non-Executive Director)
Tushar s/o Pritamlal Doshi	(Independent Non-Executive Director)
Chada Anitha Reddy	(Non-Independent Non-Executive Director)
Maneesh Tripathi	(Group CEO)**

* Appointed on 6 March 2020
** Ceased to be Director and Chairman with effect from 6 March 2020

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 2019

3 Directors' Interests in Shares or Debentures

The directors of the Company holding office at the end of the financial year or at the date of this statement 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**	**At the end of the financial year/ 2 April 2020**	**31 December 2019**	**6 March 2020/ 2 April 2020**
Sevak Limited (the Company)		Ordinary shares		
Dr. Bhupendra Kumar Modi	–	–	6,043,638	6,043,638
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 2020.

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 2019

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 2019, as well as the external auditor's report thereon.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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,

Doraraj S
Lead Independent Director

Chada Anitha Reddy
Director

Singapore
2 April 2020

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 (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 2019, 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 2019 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 2019, the Group has recorded revenue amounting to S$290.85 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 key 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 sales cut-off tests to ensure the Group has complied with proper sales cut-off procedures and revenue is recognised in the appropriate accounting period. In addition, we reviewed the adequacy of the disclosures relating to revenue in Note 2(r) and Note 4 to the financial statements. **Our findings** We found the Group's revenue recognition to be consistent with its accounting policy as disclosed in Note 2(r) to the financial statements. We are satisfied that the Group's revenue has been appropriately recognised in the relevant accounting period and the relevant disclosures in the financial statements to be appropriate.

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 2019, the total carrying amount of inventories was S$16.11 million. The assessment of the carrying amount 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 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. In addition, we reviewed the adequacy of the disclosures relating to inventories in Note 2(k), Note 3(b)(ii) and Note 11 to the financial statements. **Our findings** We found management's assessment of the allowance for inventory obsolescence to be reasonable based on available evidence and the relevant disclosures in the financial statements to be appropriate.

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(i), Note 3(a)(ii), Note 12, Note 13, Note 23 and Note 41(a) to the financial statements. As disclosed in Notes 12, 13, 23 and 41(a) to the 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 and loan receivable of the Group was S$15.79 million as at 31 December 2019. 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 credit policy of the Group and evaluated the processes for identifying impairment indicators. We have reviewed and tested the ageing of the 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 checked the mathematical accuracy of management's computation of the expected credit loss. We have reviewed the adequacy and appropriateness of the impairment charge based on the available information. We also reviewed the adequacy of the disclosures relating to trade and other receivables and loan receivable in Note 3(a)(ii), Note 12, Note 13, Note 23 and Note 41(a) to the financial statements. **Our findings** Based on our audit procedures performed, we found management's assessment of the recoverability of trade and other receivables and loan receivable to be reasonable and the relevant disclosures in the financial statements 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 Ms Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
2 April 2020

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 S$'000	2018 S$'000
Turnover	4	**290,849**	281,079
Operating expenses			
Purchases and changes in inventories and direct service fees incurred	4(a)	**(264,753)**	(252,361)
Commissions and other selling expenses		**(325)**	(324)
Other income – operating	5	**546**	4,263
Personnel costs	6	**(16,370)**	(16,021)
Infrastructure costs		**(2,411)**	(2,596)
Marketing expenses		**(1,556)**	(1,271)
Other expenses – operating		**(5,784)**	(11,073)
Other income – non-operating	5	**3,808**	4,405
Other expenses – non-operating		**(630)**	(76)
Interest income from cash deposits	5	**539**	486
Finance costs – interest expense		**(391)**	(496)
Depreciation of property, plant and equipment	17	**(1,589)**	(1,240)
Amortisation of intangible assets	19	**(35)**	(5)
Profit before taxation from continuing operations		**1,898**	4,770
Loss before taxation from discontinued operations	9	**(15)**	(78)
Profit before taxation	7	**1,883**	4,692
Taxation			
From continuing operations	8	**(853)**	(943)
From discontinued operations	9	**–**	–
Total taxation		**(853)**	(943)
Net profit/(loss) after tax for the year			
From continuing operations		**1,045**	3,827
From discontinued operations	9	**(15)**	(78)
Total net profit after tax for the year		**1,030**	3,749
Profit attributable to:			
Owners of the parent		**1,028**	3,749
Non-controlling interest		**2**	–
Total		**1,030**	3,749
Earnings per share			
From continuing and discontinued operations			
– Basic and diluted (cents per share)	10	**8.67**	30.66
From continuing operations			
– Basic and diluted (cents per share)	10	**8.80**	31.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	S$'000	S$'000
Profit for the year	**1,030**	3,749
Other comprehensive income/(loss), net of income tax:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**110**	(1,568)
Gain recognised in profit or loss upon disposal of foreign subsidiaries	**(2,000)**	(3,671)
	(1,890)	(5,239)
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans	**(63)**	200
Gain on revaluation of property, plant and equipment	**–**	117
	(63)	317
Other comprehensive loss for the year, net of tax	**(1,953)**	(4,922)
Total comprehensive loss for the year	**(923)**	(1,173)
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(945)**	(1,183)
Non-controlling interest	**22**	10
Total comprehensive loss for the year	**(923)**	(1,173)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	**2019**	2018
		S$'000	S$'000	**S$'000**	S$'000
Assets					
Current assets					
Inventories	11	**16,107**	10,360	**–**	–
Trade receivables	12	**11,456**	13,257	**114**	112
Other receivables and deposits	13	**3,346**	4,015	**392**	1,032
Contract costs	14(a)	**294**	–	**–**	–
Prepayments	14	**3,875**	2,986	**61**	72
Due from subsidiaries	15	**–**	–	**1,750**	178
Loan receivable	23	**–**	–	**–**	–
Cash and cash equivalents	16	**13,126**	16,377	**1,431**	1,424
Fixed deposits	16(a)	**4,702**	6,923	**430**	3,400
Tax recoverable	13	**752**	603	**–**	–
		53,658	54,521	**4,178**	6,218
Non-current assets					
Property, plant and equipment	17	**7,889**	8,885	**6,108**	6,949
Investment properties	18	**2,758**	2,630	**–**	–
Intangible assets	19	**1,882**	16	**9**	13
Investment in subsidiaries	20	**–**	–	**25,268**	25,198
Investment in associate	21	**–**	–	**–**	–
Financial assets, at FVPL	22	**201**	201	**–**	–
Long-term loans and advances to subsidiaries	24	**–**	–	**783**	917
Deferred tax assets	25	**380**	336	**–**	–
Trade receivables	12	**–**	5	**–**	–
Other receivables	13	**237**	273	**–**	–
Prepayments	14	**184**	95	**–**	–
Fixed deposits	16(a)	**1,005**	895	**–**	–
		14,536	13,336	**32,168**	33,077
Total assets		**68,194**	67,857	**36,346**	39,295

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000	Company 2019 S$'000	Company 2018 S$'000
Liabilities					
Current liabilities					
Trade creditors	26	**11,981**	10,563	**110**	112
Other creditors and accruals	27	**5,102**	6,309	**1,094**	1,335
Contract liabilities	4	**3,797**	2,776	**–**	–
Obligations under finance leases	28	**–**	532	**–**	532
Lease liabilities	37	**777**	–	**550**	–
Loans and bank borrowings	29	**2,487**	2,304	**–**	–
Due to subsidiaries	15	**–**	–	**4,435**	8,336
Tax payable		**195**	531	**–**	–
		24,339	23,015	**6,189**	10,315
Non-current liabilities					
Obligations under finance leases	28	**–**	2,197	**–**	2,197
Lease liabilities	37	**1,881**	–	**1,647**	–
Provision for employee benefits	35	**874**	700	**–**	–
Contract liabilities	4	**41**	17	**–**	–
Deferred tax liabilities	25	**572**	207	**–**	–
Long-term loans and advances from subsidiaries	15(a)	**–**	–	**9,269**	3,288
		3,368	3,121	**10,916**	5,485
Total liabilities		**27,707**	26,136	**17,105**	15,800
Equity Attributable to owners of the Company					
Share capital	30	**548,020**	578,249	**548,020**	578,249
Treasury shares	31	**(3,547)**	(3,535)	**(3,547)**	(3,535)
Accumulated losses	32	**(489,833)**	(520,824)	**(515,431)**	(541,354)
Other reserves	33	**(5,031)**	(4,172)	**(9,801)**	(9,100)
Translation reserve	34	**(9,052)**	(7,905)	**–**	(765)
		40,557	41,813	**19,241**	23,495
Non-controlling interest		**(70)**	(92)	**–**	–
Total equity		**40,487**	41,721	**19,241**	23,495
Total liabilities and equity		**68,194**	67,857	**36,346**	39,295

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	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								
2019								
Balance at 1 January	**578,249**	**(3,535)**	**(520,824)**	**(4,172)**	**(7,905)**	**41,813**	**(92)**	**41,721**
Adoption of SFRS(I) 16	**–**	**–**	**(56)**	**–**	**–**	**(56)**	**–**	**(56)**
Effects of change in functional currency	**(30,229)**	**(12)**	**29,922**	**(446)**	**765**	**–**	**–**	**–**
Adjusted opening balance at 1 January	**548,020**	**(3,547)**	**(490,958)**	**(4,618)**	**(7,140)**	**41,757**	**(92)**	**41,665**
Profit for the year	**–**	**–**	**1,028**	**–**	**–**	**1,028**	**2**	**1,030**
Other comprehensive loss, net of tax	**–**	**–**	**(61)**	**–**	**(1,912)**	**(1,973)**	**20**	**(1,953)**
Total comprehensive income/(loss) for the year	**–**	**–**	**967**	**–**	**(1,912)**	**(945)**	**22**	**(923)**
Transferred to accumulated losses	**–**	**–**	**158**	**(158)**	**–**	**–**	**–**	**–**
Costs relating to partial offer	**–**	**–**	**–**	**(198)**	**–**	**(198)**	**–**	**(198)**
Costs related to share buyback in the previous year	**–**	**–**	**–**	**(57)**	**–**	**(57)**	**–**	**(57)**
Transactions with owners	**–**	**–**	**158**	**(413)**	**–**	**(255)**	**–**	**(255)**
Balance at 31 December	**548,020**	**(3,547)**	**(489,833)**	**(5,031)**	**(9,052)**	**40,557**	**(70)**	**40,487**
2018								
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)
Balance at 31 December	578,249	(3,535)	(520,824)	(4,172)	(7,905)	41,813	(92)	41,721

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	S$'000	S$'000
Cash Flows from Operating Activities		
Profit before taxation	**1,883**	4,692
Adjustments for:		
Depreciation and amortisation	**1,624**	1,250
Impairment loss on non-trade debts	**361**	38
Impairment loss/(reversal of) trade debts, net	**192**	(74)
Allowance for inventory obsolescence, net	**380**	–
Write off of inventory, net	**–**	5,459
Interest income from cash deposits	**(539)**	(486)
Gain on revaluation of investment properties	**(4)**	(183)
Reversal of impairment loss of intangible asset	**(1,750)**	–
Gain on disposal of property, plant and equipment	**(27)**	(14)
Gain on disposal of subsidiaries	**(2,001)**	(4,184)
Finance costs	**391**	503
Unrealised foreign exchange differences	**108**	(1,390)
Others	**174**	(262)
Operating cash flows before working capital changes	**792**	5,349
(Increase)/decrease in inventories	**(6,168)**	3,610
Decrease/(increase) in trade receivables	**1,124**	(2,597)
Decrease in other receivables and deposits	**259**	2,977
(Increase)/decrease in prepayments	**(978)**	505
Increase/(decrease) in trade creditors	**1,419**	(2,357)
Increase in contract costs	**(294)**	–
(Decrease)/increase in other creditors and accruals	**(1,283)**	454
Increase in contract liabilities	**1,045**	238
Cash flows (used in)/generated from operating activities	**(4,084)**	8,179
Interest paid	**(391)**	(503)
Income tax paid	**(990)**	(1,250)
Net cash flows (used in)/generated from operating activities	**(5,465)**	6,426

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	S$'000	S$'000
Cash flows from Investing Activities		
Interest income received from cash deposits	**570**	583
Proceeds from disposal of property, plant and equipment	**378**	32
Purchase of property, plant and equipment	**(66)**	(387)
Purchase of intangible assets	**(176)**	–
Outflow (net) consequent to disposal of investment in subsidiaries	**(5)**	(118)
Net cash flows generated from investing activities	**701**	110
Cash Flows from Financing Activities		
Purchase of treasury shares, including incidental costs	**–**	(2,205)
Costs related to share buyback in the previous year	**(57)**	–
Withdrawal of cash and bank deposits pledged	**431**	2,362
Proceeds/(repayment) of loans and bank borrowings, net	**615**	(2,053)
Costs related to partial offer	**(198)**	–
Repayment of lease liabilities	**(790)**	–
Repayment of finance lease	**–**	(103)
Net cash flows generated from/(used in) financing activities	**1**	(1,999)
Net (decrease)/increase in cash and cash equivalents	**(4,763)**	4,537
Cash and cash equivalents at the beginning of the year	**18,462**	14,190
Effect of exchange rate changes on the balances of cash held in foreign currencies	**(167)**	(265)
Cash and cash equivalents at the end of the year (Note 16)	**13,532**	18,462

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1 General

Sevak 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 2019 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(b) **Basis of consolidation** (Continued)

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

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

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

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the 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 consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Estimates (Continued)

(b) Basis of consolidation (Continued)

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 Financial Instruments either in income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated 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 consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate 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 consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Estimates (Continued)

(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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Estimates (Continued)

(d) Associates (Continued)

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.

(e) Foreign Currencies

Functional and presentation currency

With effect from 1 January 2019, the Board of Directors of the Company approved the change of functional currency of the Company from United States Dollar ("US$") to Singapore Dollar ("S$"). This is due to the 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.

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 ("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 functional currency of the Company and the presentation currency for the consolidated financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(e) **Foreign Currencies** (Continued)

Transactions and balances (Continued)

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 consolidated 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 consolidated income statement as part of the gain or loss on disposal of the foreign operation.

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

Translation of Group entities' financial statements

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

– Assets and liabilities are translated at the closing exchange rate at the financial year end;

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

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(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 consolidated income statement.

Work in Progress

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

Work in Progress (Continued)

The residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate. This ensures that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the item of property, plant and equipment.

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 consolidated financial statements until they are no longer in use.

Disposal

Property, plant and equipment are 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 consolidated 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 2019

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 consolidated 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 consolidated 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 consolidated income statement.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(h) **Intangible Assets** (Continued)

ii. Other intangible assets (Continued)

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.

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 20 years.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(h) Intangible Assets (Continued)

ii. Other intangible assets (Continued)

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.

(i) Financial Assets

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(i) Financial Assets (Continued)

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.

Subsequent measurement

i. Debt instruments

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.

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

Subsequent measurement (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(i) Financial Assets (Continued)

Impairment

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.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Evidence that a financial asset is credit-impaired includes the observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not consider otherwise (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(j) Contract Costs

The Group capitalises costs incurred in fulfilling a contract with the customer only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligation in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are recognised as an asset (i.e. Contract costs – fulfilment) in the statements of financial position. Upon fulfilment of the performance obligation and recognition of revenue, these costs will be recognised in the profit or loss.

(k) Inventories

Inventories are measured 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(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.

(o) Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(p) Leases

i. When the Group is the lessee

Applicable to reporting periods from 1 January 2019

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets in "Property, plant and equipment" and lease liabilities in "Lease liabilities" in the statements of financial position.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(p) **Leases** (Continued)

i. When the Group is the lessee (Continued)

<u>Applicable to reporting periods from 1 January 2019</u> (Continued)

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(p) **Leases** (Continued)

i. When the Group is the lessee (Continued)

Applicable to reporting periods before 1 January 2019

Lessee – Finance leases

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.

Lessee – Operating leases

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.

ii. When the Group is the lessor

The Group's accounting policies as lessor under SFRS(I) 1-17 are similar to those under SFRS(I) 16 as outlined below.

Lessor – Finance leases

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(p) Leases (Continued)

ii. When the Group is the lessor (Continued)

Lessor – Operating leases

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. Contingent rents are recognised as income in profit or loss when earned.

(q) Impairment of Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

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

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

Impairment losses 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

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

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 39) 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.

<u>Goods and Services Sold</u>

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 which coincides with delivery of goods or rendering of services. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(r) Revenue Recognition (Continued)

Goods and Services Sold (Continued)

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.

Revenue from installation services is recognised at a point in time when services are rendered.

Financing Component

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

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.

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 2019 or outstanding as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

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 accumulated losses and will not be reclassified to the consolidated income statement. Past service cost is recognised in the consolidated 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 consolidated income statement in the line item ‘personnel costs’. Curtailment gains and losses are accounted for as past service costs.

(t) **Taxes**

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

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(t) **Taxes** (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(t) Taxes (Continued)

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.

i. Operating Segments

The main operating segments of the Group are:

a. Telecom:

(i) Distribution of mobile prepaid cards; and

(ii) Sale of mobile handsets, related products and services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(u) **Segment Reporting** (Continued)

i. Operating Segments (Continued)

The main operating segments of the Group are: (Continued)

b. Technology

1. Information and Communications Technology ("ICT") distribution & managed services:

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

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

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

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

(v) 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.

2. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

(w) 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.

b. An entity is related to the Group and the Company if any of the following conditions apply:

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of Significant Accounting Policies (Continued)

(x) 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.

(y) 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.

(z) 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 consolidated income statement 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 2019

2 Summary of Significant Accounting Policies (Continued)

(aa) Contingencies

A contingent liability is:

i. a possible obligation that arises from past events and whose existence will be confirmed only by 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 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 the fair values can be reliably determined thereof.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Estimates and Judgements (Continued)

(a) Key Sources of Estimation Uncertainty (Continued)

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 2019 are approximately S$7,889,000 and S$6,108,000 (2018: S$8,885,000 and S$6,949,000) 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$159,000 (2018: S$125,000).

ii. Impairment of trade and other receivables and loan receivable

As at 31 December 2019, the Group's trade and other receivables amounted to S$15,791,000 (2018: S$18,153,000), 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 and other 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 credit loss rates by grouping the receivables across geographical regions in each revenue segment.

An allowance for impairment of S$7,852,000 (2018: S$6,953,000) for trade and other receivables and loan receivable was recognised as at 31 December 2019.

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 and other receivables and loan receivable by different revenue segment are set out in Note 41(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 42 to the consolidated 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 42 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 2019 is S$986,000 (2018: S$957,000). Further details are given in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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$427,000 (2018: S$73,000) and wrote off inventories of S$2,000 (2018: S$5,990,000). The carrying amount of the Group's inventories as at 31 December 2019 was S$16,107,000 (2018: S$10,360,000).

iii. *Income taxes*

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

The carrying amount of the Group's tax payable, tax recoverable, deferred tax assets and deferred tax liabilities as at 31 December 2019 were S$195,000 (2018: S$531,000), S$752,000 (2018: S$603,000), S$380,000 (2018: S$336,000) and S$572,000 (2018: S$207,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	
	2019	2018
	S$'000	S$'000
Telecom		
Distribution of operator products and services	**244,741**	238,145
Technology		
ICT distribution and managed services	**44,733**	41,345
Battery electric vehicles/others	**1,375**	1,589
	290,849	281,079
Turnover from the sale of goods	**277,353**	266,860
Turnover from the rendering of services	**13,496**	14,219
	290,849	281,079

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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
2019			
Telecom			
Distribution of operator products and services			
– Indonesia	**244,670**	**71**	**244,741**
Technology			
ICT distribution and managed services			
– Singapore	**24,917**	**4,745**	**29,662**
– India	**7,766**	**7,305**	**15,071**
	32,683	**12,050**	**44,733**
Battery electric vehicles/others			
– Singapore	**–**	**1,375**	**1,375**
Total	**277,353**	**13,496**	**290,849**
2018			
Telecom			
Distribution of operator products and services			
– Indonesia	238,122	23	238,145
Technology			
ICT distribution and managed services			
– Singapore	18,837	4,278	23,115
– India	9,901	8,329	18,230
	28,738	12,607	41,345
Battery electric vehicles/others			
– Singapore	–	1,589	1,589
Total	266,860	14,219	281,079

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Turnover and Contract Liabilities (Continued)

Contract balances

	Group	
	2019	2018
	S$'000	S$'000
Contract liabilities – current		
– ICT managed services	**3,750**	2,675
– Others	**47**	101
	3,797	2,776
Contract liabilities – non-current		
– Others	**41**	17
	3,838	2,793

Contract liabilities relate to the Group's obligation to perform services to customers for which the Group has received consideration from customers for mainly 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	
	2019	2018
	S$'000	S$'000
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period	**(2,464)**	(1,882)
Increase due to cash received, excluding amounts recognised as revenue during the year	**3,483**	2,130
Arising from disposal of subsidiaries (Note 20)	**–**	(178)
Exchange differences	**26**	(9)

No revenue is recognised during the financial year ended 31 December 2019 from performance obligations satisfied (or partially satisfied) in the previous periods, due to changes in transaction price.

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 2019 is S$6,551,000 (2018: S$5,591,000).

The Group expects to recognise $5,188,000 (2018: S$3,974,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2019 within one year, and S$1,363,000 (2018: $1,617,000) after one year.

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods of one year or less, or billed based on time incurred, is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	
	2019	2018
	S$'000	S$'000
Telecom		
Distribution of operator products and services	**231,614**	223,061
Technology		
ICT distribution and managed services	**33,052**	29,215
Battery electric vehicles/others	**87**	85
	264,753	252,361

5 Other Income

	Group	
	2019	2018
	S$'000	S$'000
Other income – operating:		
– Rental income	**138**	141
– Write-back of trade and sundry payables (Note 11)	**191**	3,961
– Rebates	**–**	109
– Support service to a related party	**13**	6
– Consortium fee	**110**	–
– Others	**94**	46
	546	4,263
Other income – non-operating:		
– Gain on disposal of property, plant and equipment	**27**	14
– Gain on disposal of subsidiaries	**2,001**	4,184
– Gain on revaluation of investment properties	**4**	183
– Reversal of impairment loss on intangible asset	**1,750**	–
– Others	**26**	24
	3,808	4,405
Interest income:		
– Fixed deposits	**527**	457
– Bank balances	**8**	10
– Others	**4**	19
	539	486

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 2019

6 Personnel Costs

	Group	
	2019	2018
	S$'000	S$'000
Salaries and allowances	**14,301**	13,852
Central Provident Fund contributions	**969**	1,021
Defined benefit plan (Note 35(b))	**246**	82
Staff welfare	**561**	494
Insurance	**166**	173
Other personnel costs	**127**	399
	16,370	16,021

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	
	2019	2018
	S$'000	S$'000
Audit fees paid/payable to:		
– Auditors of the Company	**320**	351
– Other auditors	**101**	90
Non-audit fees paid/payable to:		
– Other auditors	**3**	3
Directors' fees:		
– Directors of the Company	**158**	158
Other professional fees	**865**	1,008
Equipment rental*	**212**	250
Foreign exchange gain	**(97)**	(229)
Telecommunication expenses	**349**	367
Travelling and entertainment	**1,521**	1,432
Impairment loss on non-trade debts (Notes 41(a) and 13)	**361**	38
Impairment loss on trade debts (Notes 41(a) and 12)	**192**	–
Allowance for inventory obsolescence	**427**	73
Write-back of allowance for inventory obsolescence (Note 11)	**(49)**	(619)
Write off of inventories (Note 11)	**2**	5,990
Write off of trade debts	**120**	151
Write-back of impairment loss on trade debts (Note 41(a))	**(121)**	(226)
Gain on revaluation of investment properties	**(4)**	(183)
Gain on disposal of subsidiaries (Note 20)	**(2,001)**	(4,184)
Reversal of impairment loss on intangible asset (Notes 5 and 19)	**(1,750)**	–
Interest expense on lease liabilities (Note 37)	**139**	–
Interest expense on loans and borrowings	**252**	496

* pertains to short term lease of vehicle rental by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Taxation

Major components of income tax expense

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

	Group	
	2019	2018
	S$'000	S$'000
Consolidated income statement:		
Current income tax	**512**	709
Deferred income tax (Note 25)		
– Origination and reversal of temporary differences	**341**	234
Income tax expense	**853**	943

Foreign currency translation gains recognised in profit or loss upon disposal of foreign subsidiaries 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 2019 and 2018 is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Profit before taxation	**1,883**	4,692
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	**753**	1,085
Adjustments:		
Tax effect of expenses not deductible for tax purposes#	**205**	332
Effect of reduction in tax rate	**–**	(42)
Deferred tax assets not recognised	**241**	1,536
Utilisation of deferred tax assets previously not recognised	**(98)**	(1,370)
Income not subject to taxation	**(309)**	(665)
Others	**61**	67
Income tax expense recognised in the income statement	**853**	943

* 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 2019

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	
	2019	2018
	S$'000	S$'000
Estimated unutilised tax losses	**129,374**	139,038

The unutilised tax losses do not expire except for unutilised tax losses relating to subsidiaries in Indonesia, Thailand, China and Malaysia which have expiry periods of between 5 and 20 years. The breakdown of unutilised tax losses with expiry thereof is as follows:

	Group	
	2019	2018
	S$'000	S$'000
Expiry dates		
31 December 2019	**–**	2,995
31 December 2020	**2,915**	3,026
31 December 2021	**1,695**	1,769
31 December 2022	**423**	724
31 December 2023	**574**	629
31 December 2024 and thereafter	**22,130**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Discontinued Operations

During the current financial year, a restructuring exercise was undertaken whereby MediaRing Shanghai was brought under the direct ownership by the Company. The Group disposed 100% interest in Alpha One Limited. The disposal was completed on 26 March 2019.

During the previous financial year, the Group disposed its 100% interest in MediaRing.com, Inc. ("MRI"). 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 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.

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

The combined results of the discontinued operations included in the consolidated income statement are set out below:

	Group	
	2019	2018
	S$'000	S$'000
Turnover	**–**	622
Other income – operating	**13**	26
Purchases and changes in inventories and direct service fees incurred	**–**	(279)
Personnel costs	**–**	(264)
Infrastructure costs	**–**	(37)
Marketing expenses	**–**	(1)
Other expenses – operating	**(28)**	(133)
Depreciation of property, plant and equipment	**–**	(5)
Finance costs	**–**	(7)
Loss before tax from discontinued operations	**(15)**	(78)
Taxation	**–**	–
Loss for the year from discontinued operations, net of tax	**(15)**	(78)

Cash flows from discontinued operations:

	Group	
	2019	2018
	S$'000	S$'000
Net cash outflows from operating activities	**–**	(151)
Net cash outflows from investing activities	**–**	(1)
Net cash outflows	**–**	(152)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Earnings per Share

	Group	
	2019	2018
	Cents per share	Cents per share
Basic and diluted earnings per share:		
From continuing operations	**8.80**	31.29
From discontinued operations	**(0.13)**	(0.63)
	8.67	30.66

(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	
	2019	2018
	S$'000	S$'000
Net profit attributable to ordinary shareholders for computing basic and diluted earnings per share	**1,028**	3,749

	Group	
	2019	2018
	'000	'000
Weighted average number of ordinary shares as at 31 December 2019 and 2018 for the purpose of computing the basic earnings per share as disclosed in Note 30	**11,851**	12,228

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Earnings per Share (Continued)

(b) Diluted Earnings per Share

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

	Group	
	2019	2018
	'000	'000
Weighted average number of ordinary shares as at 31 December 2019 and 2018 for the purpose of computing the diluted earnings per share as disclosed in Note 30	**11,851**	12,228

During the current financial year and since the end of the year, no employees (including senior executives and directors) (2018: Nil) have exercised options to acquire ordinary shares.

11 Inventories

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Inventories	**16,107**	10,360	**–**	–

The cost of inventories recognised as an expense in respect of continuing operations amounted to S$261,368,000 (2018: S$249,267,000).

The Group recognised an allowance of S$427,000 (2018: S$73,000) and wrote off inventories of S$2,000 (2018: S$5,990,000).

The Group wrote back an allowance for inventories amounting to S$49,000 (2018: S$619,000) upon the sale of inventories, allowance thereof had been recognised previously.

During the previous financial year, pursuant to an arrangement with one of the Telecom operators ("Operator") in Indonesia, certain inventories valuing S$5,990,000 had 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$$4,755,000 (2018: S$4,122,000) to collateral charge as security for bank facilities (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Trade Receivables

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Non-current				
Trade receivables	**–**	5	**–**	–
Current				
Trade receivables	**15,320**	16,652	**1,016**	1,021
Less: Allowance for impairment	**(3,864)**	(3,395)	**(902)**	(909)
	11,456	13,257	**114**	112
Total trade receivables	**11,456**	13,262	**114**	112
Add:				
Long-term loans and advances to subsidiaries (Note 24)	**–**	–	**783**	917
Other receivables, deposits and tax recoverable (Note 13)	**4,335**	4,891	**392**	1,032
Cash and cash equivalents (Note 16)	**13,126**	16,377	**1,431**	1,424
Fixed deposits (Note 16(a))	**5,707**	7,818	**430**	3,400
Due from subsidiaries (Note 15)	**–**	–	**1,750**	178
Total loans and receivables	**34,624**	42,348	**4,900**	7,063

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(i). 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.

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 2019 are set out in the provision matrix as presented in Note 41(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$267,000 (2018: S$590,000) as collateral to secure a subsidiary's bank loans (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 Other Receivables, Deposits and Tax Recoverable

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Other receivables and deposits				
Current				
Other receivables				
– Third parties	**4,861**	4,630	**906**	953
– Related parties	**1**	498	**1**	498
	4,862	5,128	**907**	1,451
Less:				
Allowance for impairment	**(2,150)**	(1,720)	**(803)**	(809)
	2,712	3,408	**104**	642
Deposits	**625**	567	**288**	382
Interest receivable	**9**	40	**–**	8
	3,346	4,015	**392**	1,032
Non-current				
Other receivables	**237**	273	**–**	–
Total other receivables and deposits	**3,583**	4,288	**392**	1,032
Tax recoverable				
Current	**752**	603	**–**	–

Other receivables mainly relate to deferred sales proceeds to be received for the disposal of subsidiaries in the prior year, 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 remaining other receivables are considered to have low credit risk as at 31 December 2019 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 other receivables.

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 2019 are set out in the provision matrix as presented in Note 41(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Prepayments

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Current				
Other prepaid expenses	**3,409**	2,264	**61**	72
Prepaid selling expenses	**466**	722	**–**	–
	3,875	2,986	**61**	72
Non-current				
Other prepaid expenses	**184**	95	**–**	–
Total prepayments	**4,059**	3,081	**61**	72

Total prepaid expenses mainly relate to advance payments to vendors by subsidiaries.

14(a) Contract Costs

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Current				
Fulfilment costs	**294**	–	**–**	–

Fulfilment costs incurred are relating to professional services and payroll costs directly for a government project. The costs incurred relating to the project are capitalised as fulfilment costs for future performance obligations as at 31 December 2019. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised. The project is expected to be completed by May 2021.

15 Due from/(to) Subsidiaries

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of S$1,052,000 (2018: S$2,765,000).

The net amounts due to subsidiaries of S$2,685,000 include trade payables of S$4,584,000 (2018: S$3,849,000) which is unsecured, interest-free and repayable based on normal credit terms and non-trade receivables of S$1,899,000 (2018: non-trade payables of S$4,309,000) which is unsecured, interest-free and to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Due from/(to) Subsidiaries (Continued)

Movement in the allowance account:

	Company	
	2019	2018
	S$'000	S$'000
At the beginning of the year	**2,765**	20,591
Charge for the year	**488**	354
Write back consequent to disposal of subsidiaries	**(2,201)**	(18,595)
Exchange differences	**–**	415
At the end of the year	**1,052**	2,765

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

During the financial year, the amounts due to subsidiaries amounting to S$5,590,000 (2018: S$3,164,000) were converted to long term unsecured loans. The loans bear interest of 4% (2018: 3.5%) per annum, and will mature on 30 June 2026 (2018: 31 December 2024). The loan amounts at the end of the year were S$9,269,000 (2018: S$3,288,000).

16 Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits	**4,321**	6,979	**710**	–
Cash and bank balances	**8,805**	9,398	**721**	1,424
	13,126	16,377	**1,431**	1,424
Less:				
Cash and bank deposits pledged	**(2,876)**	(2,488)	**–**	–
Add:				
Unpledged fixed deposits (Note 16(a))	**3,282**	4,573	**430**	3,400
Cash and cash equivalents per statement of cash flows	**13,532**	18,462	**1,861**	4,824

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Cash and Cash Equivalents (Continued)

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 1.08% to 9.25% (2018: 0.93% to 9.25%) per annum. The maturity dates are between 1 January 2020 to 30 March 2020 (2018: 1 January 2019 to 30 March 2019).

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0.05% to 6.5% (2018: 0.05% to 6.5%) per annum.

Fixed deposits of S$2,876,000 (2018: S$2,488,000) 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.

16(a) Fixed Deposits

Fixed deposits comprise the following:

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Fixed deposits:				
– mature within one year	**4,702**	6,923	**430**	3,400
– mature after one year	**1,005**	895	**–**	–
	5,707	7,818	**430**	3,400
Less: Fixed deposits pledged				
– mature within one year	**(1,420)**	(2,350)	**–**	–
– mature after one year	**(1,005)**	(895)	**–**	–
	(2,425)	(3,245)	**–**	–
Unpledged fixed deposits (Note 16)	**3,282**	4,573	**430**	3,400

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16(a) Fixed Deposits (Continued)

Mature within one year

Fixed deposits earn interest at the effective interest rates ranging from 1.4% to 7.3% (2018: 1.95% to 8.85%) per annum. The maturity dates are between 2 April 2020 and 30 December 2020 (2018: between 5 January 2019 and 29 December 2019).

Mature after one year

Fixed deposits earn interest at the effective interest rates ranging from 6.2% to 8.75% (2018: 6% to 9.25%) per annum. The maturity dates are between 4 January 2021 and 16 April 2026 (2018: between 8 January 2020 and 4 June 2024).

Fixed deposits of S$2,425,000 (2018: S$3,245,000) are pledged as security for bank guarantees for projects undertaken in India.

17 Property, Plant and Equipment

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles[1] S$'000	Leasehold improvements[1] S$'000	Buildings S$'000	Work in progress S$'000	Total S$'000
Group								
2019								
Cost or valuation								
At 1 January	159	15,371	851	7,813	371	1,370	177	26,112
Adoption of SFRS(I) 16	–	–	–	–	512	–	–	512
Adjusted opening balance as at 1 January	159	15,371	851	7,813	883	1,370	177	26,624
Additions[2]	4	20	34	–	162	8	–	228
Reclassified to investment properties (Note 18)	–	–	–	–	–	(60)	–	(60)
Disposals/write-offs	–	(44)	(13)	–	–	(365)	–	(422)
Translation differences	(25)	61	55	(4)	(1)	129	–	215
Reclassification	–	–	–	139	–	–	(139)	–
At 31 December	138	15,408	927	7,948	1,044	1,082	38	26,585
Comprising:								
Cost	138	15,408	927	7,948	1,044	–	38	25,503
Valuation	–	–	–	–	–	1,082	–	1,082
At 31 December	138	15,408	927	7,948	1,044	1,082	38	26,585

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 Property, Plant and Equipment (Continued)

	Furniture, fixtures and fittings S$'000	Computer equipment S$'000	Office equipment S$'000	Motor vehicles[1] S$'000	Leasehold improvements[1] S$'000	Buildings S$'000	Work in progress S$'000	Total S$'000
Group								
Accumulated depreciation								
At 1 January	120	14,906	721	1,006	341	–	–	17,094
Depreciation charge for the year	16	261	62	843	302	105	–	1,589
Disposals/write-offs	–	(42)	(14)	–	–	(15)	–	(71)
Translation differences	(26)	5	10	(8)	(30)	–	–	(49)
At 31 December	110	15,130	779	1,841	613	90	–	18,563
Accumulated impairment								
At 1 January and 31 December	6	6	9	–	13	99	–	133
Net carrying amount								
At 31 December	22	272	139	6,107	418	893	38	7,889

(1) Right-of-use assets arising from motor vehicles and leasehold improvement are recognised pursuant to adoption of SFRS(I) 16 Leases on 1 January 2019. Please see Note 37 for more information.

(2) Included in additions are cash payments of S$66,000 (2018: S$387,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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								
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)	(2,945)	(482)	–	(84)	–	–	(3,534)
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	15,371	851	7,813	371	1,370	177	26,112
Comprising:								
Cost	159	15,371	851	7,813	371	–	177	24,742
Valuation	–	–	–	–	–	1,370	–	1,370
At 31 December	159	15,371	851	7,813	371	1,370	177	26,112
Accumulated depreciation								
At 1 January	128	17,442	1,158	397	345	343	–	19,813
Depreciation charge for the year	14	317	64	658	77	110	–	1,240
Arising from disposal of subsidiaries	(19)	(2,950)	(476)	–	(70)	–	–	(3,515)
Revaluation (Note 33(b))	–	–	–	–	–	(372)	–	(372)
Reclassified to investment properties (Note 18)	–	–	–	–	–	(89)	–	(89)
Disposals/write-offs	–	–	(1)	(16)	–	–	–	(17)
Translation differences	(3)	97	(24)	(33)	(11)	8	–	34
At 31 December	120	14,906	721	1,006	341	–	–	17,094
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 Property, Plant and Equipment (Continued)

Depreciation is breakdown into:

	Group	
	2019	2018
	S$'000	S$'000
Continuing operations	**1,589**	1,240
Discontinued operations (Note 9)	**–**	5
	1,589	1,245

The Group has a policy of engaging an independent external valuer to assess the valuation of buildings in Indonesia on a triennial basis or when the carrying amounts are likely to differ materially from their revalued amounts. The Group had engaged an independent external valuer to assess the valuation of buildings in Indonesia in the previous year.

Work in progress

Work in progress assets amounting to S$38,000 (2018: S$177,000) comprises of battery electric vehicles and other miscellaneous tools and parts that are not capable of being used during the current financial year.

Right-of-use assets

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 37.

Assets pledged as security

The carrying amount of property, plant and equipment held under lease liabilities as at 31 December 2019 was S$4,148,000 (2018: S$4,672,000) for the Group and the Company. The leased assets have been pledged as security for the related leasing arrangement.

Buildings at fair value

The fair value of the Group's buildings was arrived at on the basis of a valuation carried out by Felix Sutandar and Rekan, an independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations in the previous financial year. The valuation was arrived at by reference to market evidence of transaction prices of similar properties. Management is of the opinion that there is no significant price fluctuation in the property market and the carrying amounts of buildings are not significantly different from the revalued amounts as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 Property, Plant and Equipment (Continued)

Details of the Group's buildings and information about the fair value hierarchy (Note 42) are as follows:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
2019				
Office buildings – Indonesia	**–**	**893**	**–**	**893**
2018				
Office buildings – Indonesia	–	1,271	–	1,271

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	
	2019 **S$'000**	2018 S$'000
Buildings		
– Cost	**1,122**	1,353
– Accumulated depreciation and impairment	**(504)**	(539)
– Net carrying amount	**618**	814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 Property, Plant and Equipment (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						
2019						
Cost						
At 1 January	**1**	**4,781**	**217**	**6,973**	**177**	**12,149**
Disposals	**–**	**(40)**	**(12)**	**–**	**–**	**(52)**
Reclassification	**–**	**–**	**–**	**139**	**(139)**	**–**
At 31 December	**1**	**4,741**	**205**	**7,112**	**38**	**12,097**
Accumulated depreciation						
At 1 January	**–**	**4,770**	**205**	**225**	**–**	**5,200**
Depreciation charge for the year	**–**	**7**	**11**	**823**	**–**	**841**
Disposals	**–**	**(40)**	**(12)**	**–**	**–**	**(52)**
At 31 December	**–**	**4,737**	**204**	**1,048**	**–**	**5,989**
Net carrying amount						
At 31 December	**1**	**4**	**1**	**6,064**	**38**	**6,108**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Investment Properties

	Group	
	2019	2018
	S$'000	S$'000
At fair value		
Balance at beginning of year	**2,630**	2,300
Transferred from property, plant and equipment (Note 17)	**60**	287
Gain from fair value adjustment	**4**	183
Translation differences	**64**	(140)
Balance at end of year	**2,758**	2,630

The fair value of the Group's investment properties as at 31 December 2019 was based on the valuation reports prepared by the external independent valuer with appropriate qualifications and experience in the valuation of properties in the relevant locations, KJPP Felix Sutandar & Rekan, based on market data approach. Under the market data approach, 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	**Level 2**	**Level 3**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**
2019				
Commercial property – Indonesia	**–**	**2,758**	**–**	**2,758**
2018				
Commercial property – Indonesia	–	2,630	–	2,630

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 consolidated income statement:

	Group	
	2019	2018
	S$'000	S$'000
Rental income	**138**	141
Direct operating expenses arising from investment properties that generated rental income	**116**	104

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Intangible Assets

	Goodwill S$'000	Software, licensing, patents and trademarks S$'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								
2019								
Cost								
At 1 January	**131,624**	**26,391**	**53**	**631**	**53,420**	**1,131**	**3,659**	**216,909**
Adjustments	**–**	**–**	**–**	**–**	**–**	**3,955**	**–**	**3,955**
Additions	**–**	**48**	**–**	**–**	**–**	**–**	**128**	**176**
Translation differences	**1,179**	**(38)**	**–**	**–**	**–**	**–**	**–**	**1,141**
At 31 December	**132,803**	**26,401**	**53**	**631**	**53,420**	**5,086**	**3,787**	**222,181**
Accumulated amortisation and impairment								
At 1 January	**131,624**	**26,375**	**53**	**631**	**53,420**	**1,131**	**3,659**	**216,893**
Adjustments	**–**	**–**	**–**	**–**	**–**	**3,955**	**–**	**3,955**
Amortised during the year	**–**	**17**	**–**	**–**	**–**	**18**	**–**	**35**
Reversal of impairment loss charged in previous years	**–**	**–**	**–**	**–**	**–**	**(1,750)**	**–**	**(1,750)**
Translation differences	**1,179**	**(34)**	**–**	**–**	**–**	**21**	**–**	**1,166**
At 31 December	**132,803**	**26,358**	**53**	**631**	**53,420**	**3,375**	**3,659**	**220,299**
Net carrying amount								
At 31 December	**–**	**43**	**–**	**–**	**–**	**1,711**	**128**	**1,882**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Intangible Assets (Continued)

As at 31 December 2019, the intangible assets of the Group amounted to S$1,882,000 (2018: S$16,000).

Marketing rights were recognised at the time of acquisition of a subsidiary, Bharat IT Services Limited, and valued at S$5,086,000 with an estimated useful life of 15 years. This asset was fully impaired in the previous years.

During the financial year ended 31 December 2019, the Group recognised a reversal of impairment loss for marketing rights charged in previous years of S$1,711,000 (2018: Nil). This is in conjunction with advice from an external independent valuer, Explico Consulting Private Limited, with appropriate qualifications and experience in the valuation of assets.

The external independent valuer was engaged to value the business of Bharat IT Services Limited. In assessing the valuation of business of the subsidiary, the external independent valuer had used the five-year discounted cash flow method of income approach. The assumptions used include the following:

Assumptions	
Tax base rate:	22%
Terminal growth rate:	5% (equal to long-term inflation rate in India)
Risk free return rate:	6.85%
Beta:	0.84
Market risk premium:	7.82%
Company specific risk premium:	1%
Discount rate:	16.46%

The external independent valuer has relied on the financials of Bharat IT Services Limited, as provided by management, discussion with management and publicly available information for their assessment on the valuation of business.

During the financial year ended 31 December 2019, the Group has reviewed the financial performance of the said subsidiary and revised the estimated useful life of marketing rights to 20 years, till 30 November 2029. There is no significant impact on the change in estimated useful life of marketing rights to the current year's financial statements. The Group considered the long-term relationship in terms of marketing rights with its vendors which created business for the subsidiary for many years.

The remaining amortisation period as at 31 December 2019 is 10 years for marketing rights, 3 years for deferred development costs and between 1 and 3 years for licensing, patents and trademarks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 Intangible Assets (Continued)

	Licensing, patents and trademarks S$'000	Deferred development costs S$'000	Total S$'000
Company			
2019			
Cost			
At 1 January and at 31 December	**2,394**	**3,660**	**6,054**
Accumulated amortisation and impairment			
At 1 January	**2,381**	**3,660**	**6,041**
Amortised during the year	**4**	**–**	**4**
At 31 December	**2,385**	**3,660**	**6,045**
Net carrying amount			
At 31 December	**9**	**–**	**9**
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

20 Investment in Subsidiaries

	Company 2019 S$'000	Company 2018 S$'000
Unquoted equity shares, at cost	**305,692**	298,091
Less: Allowance for impairment	**(280,424)**	(272,893)
	25,268	25,198

During the current financial year, a restructuring exercise was undertaken whereby MediaRing Shanghai was brought under the direct ownership by the Company. The Group disposed 100% interest in Alpha One Limited. The disposal was completed on 26 March.

During the financial year ended 31 December 2019, the Company recognised an impairment charge of S$4,614,000 (2018: S$3,837,000) and reversal of impairment of S$569,000 (2018: S$669,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Investment in Subsidiaries (Continued)

On 26 March 2019, the Group disposed its 100% investment in Alpha One Limited.

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

	2019 **Alpha One Limited** **S$'000**	2018 MRUS and Cavu target companies S$'000
Consideration received in cash and cash equivalents	**6**	121
Deferred sales proceeds not received as at year end	**–**	181
Total consideration received	**6**	302
Inventories	**–**	53
Trade receivables, current	**–**	231
Other receivables and deposits, current	**–**	93
Prepayments	**–**	96
Cash and cash equivalents	**11**	239
Property, plant and equipment	**–**	19
Trade creditors	**–**	(280)
Other creditor and accruals, current	**(6)**	(281)
Contract liabilities	**–**	(178)
Net assets/(liabilities) disposed of	**5**	(8)
Total consideration received	**6**	302
Fair value of residual interest of 40%	**–**	201
Net assets disposed of	**(5)**	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)	**2,000**	3,673
Gain on disposal of subsidiaries	**2,001**	4,184

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Investment in Subsidiaries (Continued)

The aggregate cash outflow arising from disposal of subsidiary:

	2019 Alpha One Limited S$'000	2018 MRUS and Cavu target companies S$'000
Consideration received in cash and cash equivalents	**6**	121
Cash and cash equivalents balance disposed of	**(11)**	(239)
Aggregate cash outflow arising from disposal of subsidiaries	**(5)**	(118)

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 2019 %	2018 %
Held by the Company				
Singapore Electric Vehicles Pte Ltd[c]	Passenger land transport, motor vehicles dealership and retail of spare parts and accessories for vehicles	Singapore	**100**	100
SEV Projects Pte. Ltd.[c]	Renting and leasing of private cars without operator and development of other software and programming activities	Singapore	**100**	–
MediaRing (Europe) Limited[e]	Dormant	United Kingdom	**100**	100
Alpha One Limited[g]	To market and sell telecommunication services	Hong Kong	**–**	100
Cavu Corp Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	**100**	100
Bharat IT Services Limited[a]	To supply, rent, maintain and service computer hardware	India	**100**	100
Spice-CSL Pte Ltd[c]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2019 %	2018 %
Held by the Company (Continued)				
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
Newtel Corporation Company Limited[(h)]	Procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	**100**	100
Maxworld Asia Limited[(b)]	Investment holding	British Virgin Islands	**100**	100
Bigstar Development Limited[(b)]	Investment holding	British Virgin Islands	**100**	100
Affinity Capital Pte. Ltd[(c)]	Investment holding and distributor of handphone	Singapore	**100**	100
PT. Selular Media Infotama[(a)]	Retail and distributor of telecommunication equipment and prepaid phone cards and top up vouchers	Indonesia	**99.98**	99.98
CSL Multimedia Sdn. Bhd[(a)]	Trading of portable computers and computer accessories	Malaysia	**100**	100
CSL Mobile Care Sdn Bhd[(a)]	Repairing and maintenance of mobile phones	Malaysia	**100**	100
Mobile Service International Co. Ltd (China)[(f)]	Technical advice and services and supply chain management services	People's Republic of China	**51**	51
CSL Communication (Shenzhen) Co. Ltd (China)[(f)]	Trading of mobile handsets	People's Republic of China	**51**	51
MediaRing.com (Shanghai) Limited[(d)]	To market and sell telecommunication services	People's Republic of China	**100**	–^

^ held by Alpha One Limited in the previous year

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Investment in Subsidiaries (Continued)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2019 %	2018 %
Held by Subsidiaries				
Held by Cavu Corp Pte Ltd				
Peremex Pte Ltd[c]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	**100**	100
Delteq Pte Ltd[c]	To provide systems integration service related to computer equipment and peripherals, storage systems and networking products	Singapore	**100**	100
Held by 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
Held by Newtel Corporation Company Limited				
T.H.C. International Co., Ltd[h]	In the business of procurement, OEM, manufacturing, distribution and sale of mobile handsets and accessories	Thailand	**100**	100
Held by Affinity Capital Pte Ltd				
PT. Selular Global Net[a]	Distributor of prepaid phone cards and top up vouchers	Indonesia	**99.99**	99.99
Held by PT. Selular Media Infotama				
PT. Metrotech Jaya Komunika Indonesia[a]	Distributor of telecommunication equipment	Indonesia	**99.78**	99.78
PT Technomas Internusa[a],[i]	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
Held by Bharat IT Services Limited				
Autonomous Electric Mobility Pvt. Ltd[a]	Import, manufacture and operate electric vehicles: IT and IT related services	India	**100**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 Investment in Subsidiaries (Continued)

(a) Audited by a member firm of Moore Global Network 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, Thailand

(i) 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 2019 amounting to S$4,614,000 (2018: S$3,837,000). 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.

During the current financial year, the Company has written back impairment losses of S$569,000 (2018: S$669,000) on the basis that there is increase in service potential in the subsidiary. In assessing the fair value, the investment in subsidiary was determined based on the fair value of the subsidiary's assets and liabilities as at 31 December 2019.

Non-controlling interests

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

21 Investment in Associate

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Unquoted shares, at cost	**64**	64	**64**	64
Share of post-acquisition reserves	**(64)**	(64)	**(64)**	(64)
Carrying amount of investments	**–**	–	**–**	–

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2019 %	2018 %
Held by the Company				
Vipafone (Proprietary) Limited[(a)]	To market and sell telecommunication services	South Africa	**40**	40

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 Investment in Associate (Continued)

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 are not material.

22 Financial Assets, at FVPL

	Group	
	2019	2018
	S$'000	S$'000
Unquoted equity investments (held for trading)	**201**	201

During the previous 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.

The fair value was derived from the consideration of the sale of 60% of the former subsidiaries. The remaining 40% held by the Group were then recognised as the fair value of the financial assets pro rata to the value of 60% of the former subsidiaries.

In accordance to the sales and purchase agreement, the buyer has the option to purchase the remaining 40% shareholding interest in the next two years from 2019.

23 Loan Receivable

	Group and Company	
	2019	2018
	S$'000	S$'000
Third party	**1,838**	1,838
Less: Allowance for impairment	**(1,838)**	(1,838)
	–	–

Movement in the allowance account:

	Group and Company	
	2019	2018
	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 2019

24 Long-term Loans and Advances to Subsidiaries

	Company	
	2019	2018
	S$'000	S$'000
Long-term loans and advances treated as part of net investment in subsidiaries	**1,480**	21,803
Long-term loans to subsidiaries	**51,213**	47,578
Less: Allowance for impairment	**(51,910)**	(68,464)
	783	917

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% and 5% (2018: between 4% and 5%) per annum and have fixed repayment terms of between 2 and 7 years (2018: 2 and 7). The contractual undiscounted cash flows for long-term loans to subsidiaries amounted to S$851,000 (2018: S$1,039,000).

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. There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

Movement in the allowance account:

	Company	
	2019	2018
	S$'000	S$'000
At the beginning of the year	**68,464**	93,123
Charge for the year	**509**	762
Disposal of subsidiaries	**(20,073)**	(27,400)
Exchange differences	**3,010**	1,979
At the end of the year	**51,910**	68,464

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 Deferred Income Tax

	Group			
	Provisions S$'000	**Revaluation gain on property, plant and equipment S$'000**	**Reversal of impairment loss on intangible asset S$'000**	**Total S$'000**
Deferred tax assets/(liabilities)				
2019				
At 1 January	**336**	**(207)**	**–**	**129**
Charged to income statement (Note 8)	**47**	**5**	**(393)**	**(341)**
Charged to other comprehensive income	**–**	**18**	**–**	**18**
Exchange differences	**(3)**	**5**	**–**	**2**
At 31 December	**380**	**(179)**	**(393)**	**(192)**

	Group		
	Provisions S$'000	**Revaluation gain on property, plant and equipment S$'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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 Trade Creditors

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Trade creditors	**11,981**	10,563	**110**	112
Add:				
Other creditors and accruals (excluding employee benefit obligation) (Note 27)	**4,990**	6,052	**1,094**	1,335
Obligation under finance leases (Note 28)	**–**	2,729	**–**	2,729
Lease liabilities (Note 37)	**2,658**	–	**2,197**	–
Loans and bank borrowings (Note 29)	**2,487**	2,304	**–**	–
Due to subsidiaries (Note 15)	**–**	–	**4,435**	8,336
Long-term loans and advances from subsidiaries (Note 15(a))	**–**	–	**9,269**	3,288
Total financial liabilities carried at amortised cost	**22,116**	21,648	**17,105**	15,800

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

27 Other Creditors and Accruals

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Amounts due to related parties	**7**	8	**7**	8
Other creditors	**1,238**	2,093	**272**	370
Employee benefit obligation (Note 35(b))	**112**	257	**–**	–
Accrued operating expenses	**3,560**	3,742	**815**	957
Deposits received	**185**	209	**–**	–
	5,102	6,309	**1,094**	1,335

Amounts due to related parties are 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$2,780,000 (2018: S$2,917,000) and S$815,000 (2018: S$957,000) 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 2019

28 Obligations under finance leases

Leasing arrangements

As at 31 December 2018, the Group and the Company entered into finance leases which relate to office equipment and motor vehicles. An obligation by a subsidiary is secured by a charge over the leased assets (Note 17). The finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16 (Note 37 and Note 44).

Finance lease liabilities

	Group and Company 2018 S$'000
Minimum lease payments due	
– Not later than one year	614
– Later than one year but not later than five years	2,340
	2,954
Less future finance charges	(225)
Present value of minimum lease payments	2,729
The present values of finance lease liabilities are analysed as follows:	
– Not later than one year	532
– Later than one year but not later than five years	2,197
Present value of minimum lease payments	2,729
Current	532
Non-current	2,197
	2,729

29 Loans and Bank Borrowings

	Group		Company	
	2019 S$'000	2018 S$'000	**2019 S$'000**	2018 S$'000
Loans and bank borrowings	**2,487**	2,304	**–**	–

The loans of the Group bear interest rates of between 3% and 11% (2018: between 8.7% and 11%) per annum and are repayable within the next 12 months.

Loans amounting to S$2,487,000 (2018: S$2,304,000) are secured over a subsidiary's trade receivables (Note 12) and inventories (Note 11). Repayment of these loans is due on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Loans and Bank Borrowings (Continued)

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

	Loans and bank borrowings S$'000	Obligations under finance lease S$'000	Lease liabilities S$'000
At 31 December 2018	2,304	2,729	–
Recognition of operating leases on adoption SFRS(I) 16	–	–	512
Reclassification	–	(2,729)	2,729
At 1 January 2019	**2,304**	**–**	**3,241**
Reclassification	**(478)**	**–**	**–**
Additions(i)	**–**	**–**	**162**
Proceeds	**89,865**	**–**	**–**
Repayments	**(89,250)**	**–**	**(790)**
Non-cash changes:			
Exchange differences	**46**	**–**	**45**
As at 31 December 2019	**2,487**	**–**	**2,658**
At 1 January 2018	7,344	33	–
Reclassification	(2,799)	2,799	–
Proceeds	118,957	–	–
Repayments	(121,010)	(103)	–
Non-cash changes:			
Exchange differences	(188)	–	–
At 31 December 2018	2,304	2,729	–

(i) Additions of leasehold improvements by means of leasing arrangement.

30 Share Capital

	Group and Company			
	2019		2018	
	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	**13,016**	**578,249**	13,712	580,518
Effects of change in functional currency	**–**	**(30,229)**	–	–
Cancellation of treasury shares	**–**	**–**	(696)	(2,269)
At the end of the year	**13,016**	**548,020**	13,016	578,249

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 Share Capital (Continued)

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

There is no share buy-back by the Company during the financial year. The weighted average number of ordinary shares as at 31 December 2019 was 11,851,000 (2018: 12,228,000).

31 Treasury Shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The Company acquired 628,727 and cancelled 696,022 shares in the Company through purchases on the Singapore Exchange (SGX) during the previous financial year. The net amount paid to acquire the treasury shares was S$2,025,000 while the amount cancelled was S$2,269,000. This was presented as a component within shareholders' equity.

	Group and Company			
	2019		2018	
	Number of shares '000	**Share capital S$'000**	Number of shares '000	Share capital S$'000
Treasury shares:				
At the beginning of the year	**1,165**	**3,535**	1,232	3,779
Effects of change in functional currency	**–**	**12**	–	–
Share buyback	**–**	**–**	629	2,025
Cancellation of treasury shares	**–**	**–**	(696)	(2,269)
At the end of the year	**1,165**	**3,547**	1,165	3,535

32 Accumulated Losses

	Group		**Company**	
	2019 S$'000	2018 S$'000	**2019 S$'000**	2018 S$'000
At the beginning of the year	**(520,824)**	(524,758)	**(541,354)**	(534,342)
Effects of change of functional currency	**29,922**	–	**29,137**	–
Effect on adoption of SFRS(I) 16	**(56)**	–	**–**	–
Adjustment on initial application of SFRS(I) 9	**–**	(15)	**–**	–
Adjusted opening balance at 1 January	**(490,958)**	(524,773)	**(512,217)**	(534,342)
Profit/(loss) for the year	**1,028**	3,749	**(3,214)**	(7,012)
Disposal of property, plant and equipment (Note 33(b))	**158**	–	**–**	–
Remeasurement of defined benefit plans	**(61)**	200	**–**	–
At the end of the year	**(489,833)**	(520,824)	**(515,431)**	(541,354)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 Other Reserves

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
Reserve on acquisition of non-controlling interest	**3,389**	3,389	**–**	–
Revaluation reserve	**1,381**	1,539	**–**	–
Employee share-based payment reserve	**268**	253	**268**	253
Share issue costs	**(9,691)**	(9,038)	**(9,691)**	(9,038)
Purchase of treasury shares	**(378)**	(315)	**(378)**	(315)
Total other reserves	**(5,031)**	(4,172)	**(9,801)**	(9,100)

(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	
	2019	2018
	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	
	2019	2018
	S$'000	S$'000
At the beginning of the year	**1,539**	1,422
Increase arising on revaluation of property, plant and equipment (Note 17)	**–**	117
Transferred to accumulated losses upon disposal of property, plant and equipment (Note 32)	**(158)**	–
At the end of the year	**1,381**	1,539

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 Other Reserves (Continued)

(c) 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	
	2019	2018
	S$'000	S$'000
At the beginning of the year	**253**	253
Effects of change in functional currency	**15**	–
At the end of the year	**268**	253

(d) Share Issue Cost

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

	Group and Company	
	2019	2018
	S$'000	S$'000
At the beginning of the year	**(9,038)**	(9,038)
Effects of change in functional currency	**(455)**	–
Costs related to partial offer	**(198)**	–
At the end of the year	**(9,691)**	(9,038)

i. Purchase of treasury shares

The reserve for the Company's treasury shares comprises directly attributable transaction costs in acquiring the treasury shares as disclosed in Note 2(y) to the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 Other Reserves (Continued)

(d) Share Issue Cost (Continued)

i. Purchase of treasury shares (Continued)

	Group and Company	
	2019	2018
	S$'000	S$'000
At the beginning of the year	**(315)**	(134)
Effects of change in functional currency	**(6)**	–
Costs related to share buy back in the previous year	**(57)**	–
Transaction costs paid	**–**	(181)
At the end of the year	**(378)**	(315)

34 Translation Reserve

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
At the beginning of the year	**(7,905)**	(2,656)	**(765)**	(816)
Effects of change in functional currency	**765**	–	**765**	–
Gain reclassified to profit or loss on disposal of foreign operations (Note 20)	**(2,000)**	(3,673)	**–**	–
Exchange differences arising on translating the net assets of foreign operations	**88**	(1,576)	**–**	51
At the end of the year	**(9,052)**	(7,905)	**–**	(765)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Employee Benefits (Continued)

(a) Employee Share Incentive Plan (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Employee Benefits (Continued)

(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 statements of financial position are as follows:

	Group	
	2019	2018
	S$'000	S$'000
Current portion (Note 27)	**112**	257
Non-current portion	**874**	700
	986	957

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

	Group	
	2019	2018
	S$'000	S$'000
Current service costs	**123**	152
Interest costs	**74**	72
Loss/(gain) on curtailments and settlements	**49**	(142)
Net employee benefits expense (Note 6)	**246**	82

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

	Group	
	2019	2018
	S$'000	S$'000
Benefit obligation at the beginning of the year	**957**	1,198
Retirement benefit expenses recognised in profit or loss	**246**	82
Benefits paid	**(292)**	(73)
Translation differences	**12**	(50)
Defined benefit cost charged to OCI	**63**	(200)
Benefit obligation at the end of the year	**986**	957

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Employee Benefits (Continued)

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

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

Annual discount rate	:	7.25% – 7.75%
Annual salary increment rate	:	2% – 5.5%
Annual employee turnover rate	:	5% – 9.29%
Mortality rate reference	:	IALM[1] 2012-2014 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

36 Related Party Transactions

In addition to the 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	
	2019	2018
	S$'000	S$'000
Purchases from entities owned by a significant shareholder	**(2)**	–
Sale of goods to entities owned by a shareholder	**19**	20
Rental of office space from a company owned by a significant shareholder	**(1,052)**	(1,058)
Payment for a director/companies related to a director	**(7)**	(8)

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$1,052,000 (2018: S$1,058,000). The lease term for rental of office space is one year and considered as short term in accordance to SFRS(I) 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36 Related Party Transactions (Continued)

(b) Compensation of Key Management Personnel

	Group	
	2019	2018
	S$'000	S$'000
Short-term employee benefits	**1,634**	1,324
Central Provident Funds contributions	**40**	45
Total compensation paid to key management personnel	**1,674**	1,369
Comprise amounts paid to:		
Independent directors of the Company – Directors' fees	**158**	158
Executive Director and other key management personnel	**1,516**	1,211
	1,674	1,369

37 Lease liabilities

The Group as a Lessee

Nature of the Group's leasing activities and carrying amount of right-of-use ("ROU") assets

The Group entered into leases and makes annual lease payments for the leasing of offices, office equipment and leased equipment. The lease contracts include an extension option of which the management is unlikely to exercise the option. There is no externally imposed covenant on these lease arrangements. Right-of-use assets acquired under leasing arrangements comprise mainly of leasing of motor vehicles which was previously under finance lease and leasing of office space which was previously under operating lease.

Addition of right-of-use assets classified within property, plant and equipment

	2019
	S$'000
Leasehold improvements	**162**
	162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37 Lease liabilities (Continued)

The Group as a Lessee (Continued)

Carrying amount of right-of-use assets classified within property, plant and equipment

	31 December 2019 S$'000	1 January 2019 S$'000
Leasehold improvements	406	512
Motor vehicles	4,148	4,672
	4,554	5,184

The Group has lease contracts with average tenure of between 2 and 20 years. The right-of-use assets are depreciated over the period of the lease terms. Depreciation starts at the commencement date of the leases.

Depreciation of right-of-use assets classified within property, plant and equipment

	2019 S$'000
Leasehold improvements	268
Motor vehicles	626
	894

Amounts recognised in profit or loss

	2019 S$'000
Depreciation of right-of-use assets	894
Interest expense on lease liabilities	139
	1,033

Other disclosures

	2019 S$'000
Total cash outflow for leases	790

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37 **Lease liabilities** (Continued)

The Group as a Lessee (Continued)

Carrying amount of lease liabilities

	Group		Company	
	31 Dec 2019 S$'000	31 Dec 2018 S$'000	**31 Dec 2019 S$'000**	31 Dec 2018 S$'000
Minimum lease payments due:				
– Not later than 1 year	**841**	–	**613**	–
– Later than 1 year but within 5 years	**1,961**	–	**1,727**	–
	2,802	–	**2,340**	–
Less:				
Future finance charges	**(144)**	–	**(143)**	–
Present value of financial lease liabilities	**2,658**	–	**2,197**	–

The present value of lease liabilities is analysed as follows:

	Group		Company	
	31 Dec 2019 S$'000	31 Dec 2018 S$'000	**31 Dec 2019 S$'000**	31 Dec 2018 S$'000
Not later than 1 year	**777**	–	**550**	–
Later than 1 year but within 5 years	**1,881**	–	**1,647**	–
	2,658	–	**2,197**	–

The Group as a lessor

Nature of the Group's leasing activities

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. The lessee does not have an option to purchase the property at the expiry of the lease period. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37 Lease liabilities (Continued)

The Group as a lessor (Continued)

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

	Group	
	2019	2018
	S$'000	S$'000
Within 1 year	**159**	527
Within 2 to 5 years	**41**	44
	200	571

38 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 2019.

Corporate guarantees

	Group	
	2019	2018
	S$'000	S$'000
Corporate guarantees provided to enable the Company and its subsidiaries to obtain credit facilities and banking facilities:		
– Total facilities	**21,959**	17,473
– Total outstanding	**7,719**	4,463

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38 Contingent Liabilities and Commitments (Continued)

(b) Operating Lease Commitments – As Lessee

At the end of the reporting period, the future lease payments under non-cancellable operating leases for offices, office equipment and leased equipment of more than one year of the Group were as follows:

	Group 2018 S$'000	Company 2018 S$'000
Within 1 year	957	506
Within 2 to 5 years	328	–
	1,285	506

For lease term that ends within 12 months of the date of initial application of SFRS(I) 16, the Group has elected not to account for these short-term leases as right-of-use assets and lease liabilities respectively.

39 Segment Information

(a) Operating Segments

		Technology					
	Telecom S$'000	ICT distribution and managed services S$'000	Battery Electric Vehicles S$'000	Inoperative Companies S$'000	Total from continuing operations S$'000	Operation related to Disposed Companies S$'000	Group S$'000
2019							
Turnover – external sales	244,741	44,733	1,375	–	290,849	–	290,849
Profit before taxation (excluding depreciation, amortisation, HQ costs and other non operating items)	3,009	1,329	(110)	(56)	4,172	(15)	4,157
Depreciation and amortisation	(164)	(333)	(811)	–	(1,308)	–	(1,308)
HQ costs (country)*	(1,362)	–	–	–	(1,362)	–	(1,362)
Reversal of impairment loss on intangible asset	–	1,750	–	–	1,750	–	1,750
Non operating items (net)	(338)	2,028	–	(342)	1,348	–	1,348
Taxation	(403)	(450)	–	–	(853)	–	(853)
Profit after taxation	742	4,324	(921)	(398)	3,747	(15)	3,732
Unallocated HQ costs – Group (net)*	–	–	–	–	(2,702)	–	(2,702)
Net profit for the year	742	4,324	(921)	(398)	1,045	(15)	1,030

* includes depreciation and amortisation expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Segment Information (Continued)

(a) Operating Segments (Continued)

	Telecom	Technology: ICT distribution and managed services	Technology: Battery Electric Vehicles	Inoperative Companies	IHQ (Unallocated)	Total from continuing operations	Operation related to Disposed Companies	Group
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment assets	**23,818**	**34,382**	**6,220**	**1,569**	**2,205**	**68,194**	**–**	**68,194**
Segment liabilities	**5,227**	**19,004**	**2,342**	**85**	**1,049**	**27,707**	**–**	**27,707**
Capital expenditure	**242**	**114**	**48**	**–**	**–**	**404**	**–**	**404**

	Telecom	Technology: ICT distribution and managed services	Technology: Battery Electric Vehicles	Inoperative Companies	Total from continuing operations	Operation related to Disposed Companies	Group
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2018							
Turnover – external sales	238,145	41,345	1,589	–	281,079	622	281,701
Profit before taxation (excluding depreciation, amortisation, HQ costs and other non operating items)	3,516	1,912	(219)	(75)	5,134	(78)	5,056
Depreciation and amortisation	(216)	(301)	(603)	(7)	(1,127)	–	(1,127)
HQ costs (country)*	(949)	–	–	–	(949)	–	(949)
Non operating items (net)	(20)	4,210	–	30	4,220	–	4,220
Taxation	(593)	(350)	–	–	(943)	–	(943)
Profit after taxation	1,738	5,471	(822)	(52)	6,335	(78)	6,257
Unallocated HQ costs – Group (net)*	–	–	–	–	(2,508)	–	(2,508)
Net profit for the year	1,738	5,471	(822)	(52)	3,827	(78)	3,749

* includes depreciation and amortisation expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Segment Information (Continued)

(a) Operating Segments (Continued)

	Telecom	Technology: ICT distribution and managed services	Technology: Battery Electric Vehicles	Inoperative Companies	IHQ (Unallocated)	Total from continuing operations	Operation related to Disposed Companies	Group
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Segment assets	23,855	28,940	287	1,874	12,901	67,857	–	67,857
Segment liabilities	5,851	16,086	191	125	3,883	26,136	–	26,136
Capital expenditure	55	45	167	–	120	387	–	387

A reconciliation of total assets for reportable segments to total assets is as follows:

	Group 31 Dec 2019 S$'000	Group 31 Dec 2018 S$'000
Total assets for reportable segments	**68,194**	67,857
Elimination of inter-segment assets	**–**	–
Total assets	**68,194**	67,857

A reconciliation of total liabilities for reportable segments to total liabilities is as follows:

	Group 31 Dec 2019 S$'000	Group 31 Dec 2018 S$'000
Total liabilities for reportable segments	**27,707**	26,136
Elimination of inter-segment liabilities	**–**	–
Total liabilities	**27,707**	26,136

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Segment Information (Continued)

(a) Operating Segments (Continued)

The adoption of the new leasing standard resulted in the recognition of right-of-use assets and lease liabilities, which increased segment assets and segment liabilities as at 31 December 2019 as follows:

	Segment assets S$'000	Segment liabilities S$'000
Telecom	193	253
Technology		
– ICT distribution and managed services	213	208
– Battery electric vehicles	4,148	2,197
	4,554	2,658

The recognition of right-of-use assets and lease liabilities on the statements of financial position resulted in an increase in depreciation and interest expenses in the consolidated income statement in the current year as follows:

	Depreciation S$'000	Interest expenses S$'000
Telecom	188	31
Technology		
– ICT distribution and managed services	80	27
– Battery electric vehicles	626	81
	894	139

For renewed focus and better visibility of the performance of the operating segments, the Group has changed presentation of its segment information. With mobile devices distribution business having largely marginalised, the Group has only been selling multi-brand MNC mobile devices through its own retail shops in Indonesia as it aided in its business of distribution of operator products and services. The Group has decided to merge its operating segment titled as "Mobile devices distribution and retail" with "Distribution of operator products and services" and classified under "Telecom". Accordingly, the prior year figures have also been revised to facilitate the comparison.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 Segment Information (Continued)

(b) Geographical Information

	Turnover		Non-current Assets*		Capital Expenditure	
	2019	2018	**2019**	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000	**S$'000**	S$'000
Southeast Asia[(a)]	**275,897**	262,850	**10,785**	11,553	**337**	365
South Asia[(b)]	**14,952**	18,229	**1,925**	66	**67**	22
Others[(c)]	**–**	–	**3**	7	**–**	–
Total from continuing operations	**290,849**	281,079	**12,713**	11,626	**404**	387
Operations related to disposed companies	**–**	622	**–**	–	**–**	–
	290,849	281,701	**12,713**	11,626	**404**	387

(a) Southeast Asia includes Singapore, Indonesia, Malaysia and Thailand. Indonesia is the largest contributor at 84% (2018: 85%) for turnover. Singapore is the largest contributor at 50% (2018: 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.

40 Directors' Remuneration

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
2019			
S$250,000 and above	**1**	**–**	**1**
Below S$250,000	**–**	**3**	**3**
	1	**3**	**4**
2018			
S$250,000 and above	1	–	1
Below S$250,000*	–	4	4
	1	4	5

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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 liabilities 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

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 the Company and its subsidiaries to purchase goods and/or services from a supplier, to obtain banking facilities and insurance bonds from an insurance company:

	Group		Company	
	2019	2018	**2019**	2018
	S$'000	S$'000	**S$'000**	S$'000
– Total facilities	**21,959**	17,473	**12,000**	8,000
– Total outstanding	**7,719**	4,463	**4,577**	1,451

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 2019

41 **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			
2019			
At 1 January per SFRS(I) 9	**3,395**	**1,720**	**5,115**
Loss allowance recognised in profit or loss during the year on:			
– Assets that are credit-impaired	**192**	**361**	**553**
– Reversal of unutilised amounts	**(121)**	**–**	**(121)**
– Exchange differences	**398**	**69**	**467**
	469	**430**	**899**
At 31 December per SFRS(I) 9	**3,864**	**2,150**	**6,014**
2018			
At 1 January per SFRS(I) 9	3,535	1,665	5,200
Adjustment on initial application of SFRS(I) 9	22	–	22
At 1 January 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 per SFRS(I) 9	3,395	1,720	5,115

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

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

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

	Trade receivables S$'000	Other receivables S$'000	Total S$'000
Company			
2019			
At 1 January per SFRS(I) 9	**909**	**809**	**1,718**
Loss allowance recognised in profit or loss during the year on:			
– Reversal of unutilised amounts	**(7)**	**(7)**	**(14)**
– Exchange differences	**–**	**1**	**1**
	(7)	**(6)**	**(13)**
At 31 December per SFRS(I) 9	**902**	**803**	**1,705**
2018			
At 1 January 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 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.

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 2019

41 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 365 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 365 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 2019

41 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 2019 and 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								
2019								
Telecom								
Expected loss rate	0%	0%	0%	0%	6%	–	100%	84%
Trade receivables	402	5	1	7	115	–	2,688	3,218
Allowance for impairment	–	–	–	–	(7)	–	(2,688)	(2,695)
Technology								
ICT distribution and managed services								
Expected loss rate	0.45%	0.45%	1.55%	1.55%	1.55%	56%	91%	10%
Trade receivables	7,349	2,041	324	39	53	39	1,214##	11,059
Allowance for impairment	–*	–*	–*	–*	–*	(22)	(1,109)	(1,131)
Battery electric vehicles/others								
Expected loss rate	0%	0%	0%	0%	0%	54%	–	13%
Trade receivables	–	19	8	1	11	13	–	52
Allowance for impairment	–	–	–	–	–	(7)	–	(7)
Assessed as a separate risk profile#:								
Expected loss rate	0%	0%	0%	0%	100%	100%	–	3%
Trade receivables	576	249	135	–	1	30	–	991
Allowance for impairment	–	–	–	–	(1)	(30)	–	(31)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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 2019 and 2018 are set out in the provision matrix as follows: (Continued)

		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								
2018								
Telecom								
Expected loss rate	0%	0%	–	–	–	–	100%	68%
Trade receivables	1,082	5	–	–	–	–	2,288	3,375
Allowance for impairment	–	–	–	–	–	–	(2,288)	(2,288)
Technology								
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)
Battery electric vehicles/others								
Expected loss rate	0%	–	–	–	–	–	–	0%
Trade receivables	54	–	–	–	–	–	–	54
Allowance for impairment	–	–	–	–	–	–	–	–
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	–	–	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 **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 2019 and 2018 are set out in the provision matrix as follows: (Continued)

		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
Company								
2019								
Technology								
ICT distribution and managed services								
Expected loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**–**	**90%**	**89%**
Trade receivables	**3**	**3**	**3**	**2**	**4**	**–**	**1,001**	**1,016**
Allowance for impairment	**–**	**–**	**–**	**–**	**–**	**–**	**(902)**	**(902)**
2018								
Technology								
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)

* 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.

** rated as performing

^ rated as under-performing

^^ rated as non-performing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 Financial Risk Management Objectives and Policies (Continued)

(a) Credit Risk (Continued)

The Group's and the Company's credit risk exposure in relation to other receivables under SFRS(I) 9 as at 31 December 2019 and 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								
2019								
Other receivables								
Expected loss rate	**0.45%**	**0.45%**	**1.55%**	**1.55%**	**1.55%**	**–**	**79%**	**48%**
Other receivables	**2,913**	**337**	**16**	**3**	**26**	**–**	**5,028#**	**8,323**
Allowance for impairment	**–***	**–***	**–***	**–***	**–***	**–**	**(3,988)**	**(3,988)**
2018								
Other receivables								
Expected loss rate	0.45%	0.45%	1.55%	1.55%	1.55%	30%	60%	42%
Other receivables	1,810	397	25	38	187	30	5,962#	8,449
Allowance for impairment	–*	–*	–*	–*	–*	(9)	(3,549)	(3,558)
Company								
2019								
Other receivables								
Expected loss rate	**0%**	**–**	**–**	**–**	**–**	**–**	**97%**	**87%**
Other receivables	**300**	**–**	**–**	**–**	**–**	**–**	**2,733##**	**3,033**
Allowance for impairment	**–**	**–**	**–**	**–**	**–**	**–**	**(2,641)**	**(2,641)**
2018								
Other receivables								
Expected loss rate	0%	–	–	–	–	–	80%	72%
Other receivables	390	–	–	–	–	–	3,289##	3,679
Allowance for impairment	–	–	–	–	–	–	(2,647)	(2,647)

** rated as performing

^ rated as under-performing

^^ rated as non-performing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 **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 Group’s and the Company’s credit risk exposure in relation to other receivables under SFRS(I) 9 as at 31 December 2019 and 2018 are set out in the provision matrix as follows: (Continued)

* The expected credit loss is not material.

\# The remaining receivables (Group) mainly pertain to Goods & Services Tax receivable and tax recoverable from Singapore, Indonesia and Thailand entities respectively. During the financial year ended 31 December 2019, 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 Goods & Services Tax and rental deposit. As per rental agreement, this deposit will be refunded to the Company on the expiration of the rental. The expected credit loss is not material.

(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 2019

41 **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				
2019				
Financial assets:				
Financial assets, at FVPL	**–**	**201**	**–**	**201**
Trade and other receivables	**15,554**	**237**	**–**	**15,791**
Cash and cash equivalents	**13,126**	**–**	**–**	**13,126**
Fixed deposits	**4,900^**	**1,178***	**–**	**6,078**
Total undiscounted financial assets	**33,580**	**1,616**	**–**	**35,196**
Financial liabilities:				
Trade and other creditors and accruals	**16,964**	**–**	**–**	**16,964**
Due to related parties	**7**	**–**	**–**	**7**
Lease liabilities	**841**	**1,961**	**–**	**2,802**
Loans and bank borrowings	**2,487**	**–**	**–**	**2,487**
Total undiscounted financial liabilities	**20,299**	**1,961**	**–**	**22,260**
Total net undiscounted financial assets/(liabilities)	**13,281**	**(345)**	**–**	**12,936**
2018				
Financial assets:				
Financial assets, at FVPL	–	201	–	201
Trade and other receivables	17,875	278	–	18,153
Cash and cash equivalents	16,377	–	–	16,377
Fixed deposits	7,161^	1,031*	–	8,192
Total undiscounted financial assets	41,413	1,510	–	42,923
Financial liabilities:				
Trade and other creditors and accruals	16,607	–	–	16,607
Due to related parties	8	–	–	8
Obligations under finance lease	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)	21,880	(830)	–	21,050

^ includes interest receivable from fixed deposits of S$198,000 (2018: S$238,000)

* includes interest receivable from fixed deposits of S$173,000 (2018: S$136,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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				
2019				
Financial assets:				
Trade and other receivables	**506**	**–**	**–**	**506**
Due from subsidiaries	**1,750**	**851^**	**–**	**2,601**
Cash and cash equivalents	**1,431**	**–**	**–**	**1,431**
Fixed deposits	**432***	**–**	**–**	**432**
Total undiscounted financial assets	**4,119**	**851**	**–**	**4,970**
Financial liabilities:				
Trade and other creditors and accruals	**1,197**	**–**	**–**	**1,197**
Amounts due to related parties	**7**	**–**	**–**	**7**
Due to subsidiaries	**4,435**	**–**	**11,595#**	**16,030**
Lease liabilities	**613**	**1,727**	**–**	**2,340**
Total undiscounted financial liabilities	**6,252**	**1,727**	**11,595**	**19,574**
Total net undiscounted financial liabilities	**(2,133)**	**(876)**	**(11,595)**	**(14,604)**
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
Obligations under finance lease	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)

* includes interest receivable from fixed deposits of S$2,000 (2018: S$49,000)

^ includes interest receivable from subsidiaries of S$68,000 (2018: S$122,000)

includes interest payable to subsidiaries of S$2,326,000 (2018: S$754,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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				
2019				
Corporate guarantees	**4,577**	**–**	**–**	**4,577**
2018				
Corporate guarantees	1,451	–	–	1,451

(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 liabilities, fixed deposits and cash and bank balances.

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

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				
2019				
Floating rate				
Cash and cash equivalents	**13,126**	**–**	**–**	**13,126**
Fixed deposits	**4,702**	**1,005**	**–**	**5,707**
Loan and bank borrowings	**(2,487)**	**–**	**–**	**(2,487)**
Fixed rate				
Lease liabilities	**(777)**	**(1,881)**	**–**	**(2,658)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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. (Continued)

	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				
Obligations under finance lease	(532)	(2,197)	–	(2,729)
Company				
2019				
Floating rate				
Cash and cash equivalents	**1,431**	**–**	**–**	**1,431**
Fixed deposits	**430**	**–**	**–**	**430**
Fixed rate				
Long-term loans and advances to subsidiaries	**–**	**783**	**–**	**783**
Long-term loans and advances from subsidiaries	**–**	**–**	**(9,269)**	**(9,269)**
Lease liabilities	**(550)**	**(1,647)**	**–**	**(2,197)**
2018				
Floating rate				
Cash and cash equivalents	1,424	–	–	1,424
Fixed deposits	3,400	–	–	3,400
Fixed rate				
Long-term loans and advances to subsidiaries	–	917	–	917
Long-term loans and advances from subsidiaries	–	–	(3,288)	(3,288)
Obligations under finance lease	(532)	(2,197)	–	(2,729)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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 (2018: 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% (2018: 100%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 98% (2018: 97%) 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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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								
2019								
Trade receivables	**287**	**6,992**	**3,655**	**–**	**–**	**478**	**44**	**11,456**
Other receivables and deposits	**82**	**622**	**600**	**521**	**–**	**2,116**	**394**	**4,335**
Cash and cash equivalents	**628**	**7,441**	**1,451**	**23**	**261**	**3,308**	**14**	**13,126**
Fixed deposits	**–**	**430**	**5,277**	**–**	**–**	**–**	**–**	**5,707**
Trade creditors	**(1,005)**	**(9,175)**	**(524)**	**(1)**	**–**	**(1,274)**	**(2)**	**(11,981)**
Other creditors and accruals	**(47)**	**(2,581)**	**(1,196)**	**(38)**	**(10)**	**(1,084)**	**(34)**	**(4,990)**
Lease liabilities	**–**	**(2,197)**	**(208)**	**–**	**–**	**(253)**	**–**	**(2,658)**
Loans and bank borrowings	**–**	**(952)**	**–**	**–**	**–**	**(1,535)**	**–**	**(2,487)**
Net financial (liabilities)/assets	**(55)**	**580**	**9,055**	**505**	**251**	**1,756**	**416**	**12,508**
Net assets denominated in functional currencies	**–**	**(580)**	**(9,059)**	**(505)**	**(251)**	**(1,756)**	**(372)**	**(12,523)**
Net currency exposure	**(55)**	**–**	**(4)**	**–**	**–**	**–**	**44**	**(15)**
2018								
Trade receivables	178	7,419	4,578	–	–	1,087	–	13,262
Other receivables and deposits	541	1,075	597	785	–	1,488	405	4,891
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)
Obligations under finance lease	–	(2,729)	–	–	–	–	–	(2,729)
Loans and bank borrowings	–	–	(478)	–	–	(1,826)	–	(2,304)
Net financial (liabilities)/assets	(146)	4,086	10,400	755	182	5,051	372	20,700
Net assets denominated in functional currencies	(827)	(3,105)	(10,402)	(755)	(182)	(5,051)	(372)	(20,694)
Net currency exposure	(973)	981	(2)	–	–	–	–	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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: (Continued)

	USD S$'000	SGD S$'000	THB S$'000	MYR S$'000	Others S$'000	Total S$'000
Company						
2019						
Trade receivables	**114**	**–**	**–**	**–**	**–**	**114**
Other receivables and deposits	**64**	**328**	**–**	**–**	**–**	**392**
Due (to)/from subsidiaries	**(5,560)**	**(2,733)**	**682**	**85**	**(3,645)**	**(11,171)**
Cash and cash equivalents	**112**	**1,319**	**–**	**–**	**–**	**1,431**
Fixed deposits	**–**	**430**	**–**	**–**	**–**	**430**
Trade creditors	**–**	**(110)**	**–**	**–**	**–**	**(110)**
Other creditors and accruals	**(36)**	**(1,054)**	**–**	**–**	**(4)**	**(1,094)**
Lease liabilities	**–**	**(2,197)**	**–**	**–**	**–**	**(2,197)**
Net financial (liabilities)/assets	**(5,306)**	**(4,017)**	**682**	**85**	**(3,649)**	**(12,205)**
Net assets denominated in functional currencies	**–**	**4,017**	**–**	**–**	**–**	**4,017**
Net currency exposure	**(5,306)**	**–**	**682**	**85**	**(3,649)**	**(8,188)**
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)
Obligations under finance lease	–	(2,729)	–	–	–	(2,729)
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 Financial Risk Management Objectives and Policies (Continued)

(d) Foreign Exchange Risk (Continued)

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	
	2019 S$'000	2018 S$'000
USD/SGD		
– strengthened 5% (2018: 5%)	**(3)**	(49)
– weakened 5% (2018: 5%)	**3**	49

42 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				
2019				
Designated at fair value through profit or loss (Note 22)	**–**	**–**	**201**	**201**
2018				
Designated at fair value through profit or loss (Note 22)	–	–	201	201

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

42 Fair Value of Financial Instruments (Continued)

A. Fair value of financial instruments that are carried at fair value (Continued)

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 2019 and 2018.

Valuation technique and input used in Level 3 fair value measurement

Description	Fair value at 31 Dec S$'000	Unobservable input	Range of unobservable input S$'000	Relationship of unobservable input to fair value
2019				
Financial assets, at FVPL	**201 (40%)**	Estimated market value	**450 to 550 (100%)**	The higher the estimate, the higher the fair value.
2018				
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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

42 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 liabilities.

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 liabilities and fixed deposits approximate the fair values.

Determination of fair value

The fair values of trade and other receivables, lease liabilities 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.

43 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 2019 and 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

43 Capital Management (Continued)

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Group	
	2019	2018
	S$'000	S$'000
Total gross debt		
– Loans and bank borrowings	**2,487**	2,304
– Obligations under finance leases	**–**	2,729
– Lease liabilities	**2,658**	–
	5,145	5,033
Shareholders' equity		
– Share capital	**548,020**	578,249
– Treasury shares	**(3,547)**	(3,535)
– Accumulated losses	**(489,833)**	(520,824)
– Other reserves	**(5,031)**	(4,172)
– Translation reserve	**(9,052)**	(7,905)
	40,557	41,813
Gross debt equity ratio	**12.69%**	12.04%
Cash and bank balances and fixed deposits	**18,833**	24,195
Less: Total gross debt	**(5,145)**	(5,033)
Net cash position	**13,688**	19,162

44 Adoption of New Standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019.

- 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).

Except for the adoption of SFRS(I) 16 Leases, the application of the above standards and interpretations did not have a material effect on the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

44 Adoption of New Standards (Continued)

Adoption of New Standards

SFRS(I) 16

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

SFRS(I) 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces 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. SFRS(I) 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities. Right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 Impairment of Assets.

(a) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4, the Group is exempted from having to reassess whether pre-existing contracts contain a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to leases entered or modified before 1 January 2019.

(b) The Group has, on a lease-by-lease basis:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- excluded initial direct costs in the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

44 Adoption of New Standards (Continued)

Adoption of New Standards (Continued)

SFRS(I) 16 (Continued)

(c) For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its right-of-use assets at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019;

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease; and

(iii) The difference between the carrying amounts of the right-of-use assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

(d) The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Impact on lessee accounting

On 1 January 2019, the Group has applied a modified retrospective approach that does not restate comparative information but recognises the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings on 1 January 2019. The Group has also elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group chose to measure its ROU assets at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019. The Group and the Company recognised lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonable similar characteristics. The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained earnings. Comparative information is not restated.

For leases previously classified as finance leases, if any, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the right-of-use assets and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

44 Adoption of New Standards (Continued)

Financial impact of adoption of SFRS(I) 16

On 1 January 2019, the Group:

(i) recognised additional right-of-use assets and lease liabilities of S$512,000.

(ii) Property, plant and equipment of S$4,672,000, regarded as being acquired under finance leases under SFRS(I) 1-17 prior to 1 January 2019, are regarded as right-of-use assets under SFRS(I) 16.

(iii) Reclassed obligations under finance leases of S$2,729,000 to lease liabilities.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 11.05%.

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

	S$'000
Operating lease commitment disclosed as at 31 December 2018	1,285
Less:	
Discounting effect using the incremental borrowing rate of 11.05% at 1 January 2019	(267)
Short-term leases	(506)
	512
Add:	
Finance lease liabilities recognised as at 31 December 2018 (Note 28)	2,729
Lease liabilities recognised as at 1 January 2019	**3,241**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 on or after 1 January 2020 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 on or after 1 January 2020:

Applicable to 2020 financial statements:

- *Business Combinations* (Amendments to SFRS(I) 3)
- *Definition of material* (Amendments to SFRS(I) 1-8)

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).

46 Comparative Figures

The previous year's figures have been re-presented to conform with current year's presentation as follows:

Consolidated statement of comprehensive income	**As previously reported S$'000**	**Reclassification S$'000**	**As restated S$'000**
Purchases and changes in inventories and direct service fees incurred	(251,965)	(396)	(252,361)
Other expenses – operating	(11,545)	472	(11,073)
Other expenses – non-operating	–	(76)	(76)
Total	(263,510)	–	(263,510)

47 Subsequent event

Subsequent to year end, Maneesh Tripathi was re-designated from being Executive Chairman and Group CEO of Sevak Limited to being the Chairman and Group CEO of Affinity Capital Pte Limited, a 100% owned subsidiary of the Company.

Dr. Bhupendra Kumar Modi was appointed as Chairman of the Company with effect from 6 March 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

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 2020

		No. of Shares			
Name	**Note**	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%**[1]
Dr. Bhupendra Kumar Modi ("Dr. Modi")	2	–	6,043,638	6,043,638	51.00
Dilip Modi ("DLM")	3	–	5,121,308	5,121,308	43.21
Divya Tongya ("DYT")	4	–	5,121,308	5,121,308	43.21
Veena Modi ("VM")	5	–	1,482,387	1,482,387	12.51
S Global Innovation Centre Pte. Ltd.	2a	3,638,921	–	3,638,921	30.71
Smart Co. Holding Pte. Ltd.	2b, 2c, 6	410,660	5,589,978	6,000,638	50.63
SGlobal Holdings Limited	7	–	5,121,308	5,121,308	43.21
Smart Entertainment Private Limited (now known as Smart Bharat Private Limited)	2e	1,482,387	–	1,482,387	12.51
Global Tech Innovations Ltd.	8	–	5,121,308	5,121,308	43.21
Smart Global Corporate Holding Private Limited	9	–	5,121,308	5,121,308	43.21
Paramount Assets Investments Pte. Ltd.	10,11,12	1,414,492	–	1,414,492	11.94
Lee Foundation, States of Malaya	10	–	1,414,492	1,414,492	11.94
Lee Foundation	11	–	1,414,492	1,414,492	11.94
Lee Pineapple Company (Pte.) Limited	12	–	1,414,492	1,414,492	11.94

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 2020, excluding treasury shares.

(2) Dr. Modi is deemed to be interested in 6,043,638 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 Dr. Modi along with DLM and DYT. By virtue of Section 7 of the Companies Act, Smart Global Corporate Holding Private Limited (formerly, "Spice Global Investments Pvt. Ltd."), Global Tech Innovations Ltd. (formed by amalgamation of Orion Telecoms Ltd., Dai (Mauritius) Company Ltd., Falcon Securities Ltd., Guiding Star Ltd. and Christchurch Investments Ltd.), SGlobal Holdings Limited, Prospective Infrastructure Pvt. Ltd. (now merged with Smart Global Corporate Holding Private Limited) 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 Dr. Modi;

STATISTICS OF SHAREHOLDINGS

AS AT 20 MARCH 2020

(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 Dr. Modi;

(d) 43,000 Shares held directly by Innovative Management Pte. Ltd. as Innovative Management Pte. Ltd. is wholly-owned by Dr. Modi; and

(e) 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as approximately 99.93% of the shares of Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) are benefically owned and controlled by Dr. Modi, investment vehicles controlled by Dr. Modi and his family members.

(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 Dr. Modi, DLM and DYT and 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) is a subsidiary of Smart Global Corporate Holding Private Limited and DLM holds no less than 20% of the shares in Smart Global Corporate Holding Private Limited.

(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 Dr. Modi, DLM and DYT and 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) is a subsidiary of Smart Global Corporate Holding Private Limited and DYT holds no less than 20% of the shares in Smart Global Corporate Holding Private Limited.

(5) VM is deemed to be interested in 1,482,387 Shares held through Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) by virtue of her holding of no less than 20% of the shares in Smart Entertainment Private Limited (now known as Smart Bharat Private Limited).

(6) Smart Co. Holding Pte. Ltd. is deemed to be interested in 5,589,978 Shares comprising the following:

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

(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.; and

(c) 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) is a subsidiary of Smart Global Corporate Holding Private Limited and Smart Co. Holding Pte. Ltd. has an indirect interest of no less than 20% of the shares in Smart Global Corporate Holding Private Limited.

(7) SGlobal Holdings Limited is deemed to be interested in 5,121,308 Shares comprising 3,638,921 Shares indirectly held through S Global Innovation Centre Pte. Ltd. and 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as the Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) is a subsidiary of Smart Global Corporate Holding Private Limited and SGlobal Holdings Limited has an indirect interest of no less than 20% of the shares in Smart Global Corporate Holding Private Limited.

(8) Global Tech Innovations Ltd. is deemed to be interested in 5,121,308 Shares comprising 3,638,921 Shares indirectly held through S Global Innovation Centre Pte. Ltd. and 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) is a subsidiary of Smart Global Corporate Holding Private Limited and Global Tech Innovations Ltd. holds no less than 20% of the shares in Smart Global Corporate Holding Private Limited.

(9) Smart Global Corporate Holding Private Limited is deemed to be interested in 5,121,308 Shares comprising 3,638,921 Shares indirectly held through S Global Innovation Centre Pte. Ltd. and 1,482,387 Shares held directly by Smart Entertainment Private Limited (now known as Smart Bharat Private Limited), as Smart Entertainment Private Limited (now known as Smart Bharat Private Limited) is a subsidiary of Smart Global Corporate Holding Private Limited.

(10) 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 1,414,492 Shares held directly by Paramount Assets Investments Pte. Ltd., a wholly-owned subsidiary of Lee Pineapple Company (Pte.) Ltd.

(11) 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 1,414,492 Shares held directly by Paramount Assets Investments Pte. Ltd., a wholly-owned subsidiary of Lee Pineapple Company (Pte.) Ltd.

(12) Lee Pineapple Company (Pte.) Ltd. is deemed to be interested in 1,414,492 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 2020, 37.06% 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 2020

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	7,884	66.22	191,331	1.61
100 – 1,000	3,483	29.25	1,034,390	8.73
1,001 – 10,000	488	4.10	1,209,123	10.20
10,001 – 1,000,000	48	0.40	2,880,581	24.31
1,000,001 AND ABOVE	3	0.03	6,535,800	55.15
TOTAL	**11,906**	**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	SMART ENTERTAINMENT PRIVATE LIMITED	1,482,387	12.51
3	PARAMOUNT ASSETS INVESTMENTS PTE LTD	1,414,492	11.94
4	PHILLIP SECURITIES PTE LTD	675,279	5.70
5	BLUE OCEAN CAPITAL PARTNERS PTE LTD	369,600	3.12
6	SMART CO HOLDING PTE LTD	260,286	2.20
7	ABN AMRO CLEARING BANK N.V.	242,686	2.05
8	UOB KAY HIAN PRIVATE LIMITED	214,499	1.81
9	DBS NOMINEES (PRIVATE) LIMITED	119,335	1.01
10	TAN CHIP SIN	69,500	0.59
11	CITIBANK NOMINEES SINGAPORE PTE LTD	68,628	0.58
12	CHONG YEAN FONG	68,114	0.57
13	TAI TAK SECURITIES PTE LTD	61,700	0.52
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	57,511	0.49
15	OCBC SECURITIES PRIVATE LIMITED	49,389	0.42
16	LIM & TAN SECURITIES PTE LTD	38,725	0.33
17	KAM TEOW CHONG	35,000	0.30
18	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	34,209	0.29
19	GOH KIM SENG	28,900	0.24
20	CTI LIMITED	24,064	0.20
	TOTAL	**8,953,225**	**75.58**

GROUP OFFICES

Sevak Limited
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: +65 6514 9458
Fax: +65 6441 3013
Email: sales-sg@sevaklimited.com

Singapore Electric Vehicles Pte Ltd
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: 6303 6836
Email: ops@sev.com.sg

SEV Projects Pte. Ltd.
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: 6303 6836
Email: ops@sev.com.sg

Cavu Corp Pte Ltd
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: +65 63036868
Fax: +65 63036869
Email: sales@cavucorp.com.sg

Peremex Pte Ltd
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: +65 63036808
Fax: +65 63036869
Email: sales@peremex.com

Delteq Pte Ltd
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: +65 63038898
Fax: +65 64728180
Email: info@delteq.com.sg

Delteq Systems Pte Ltd
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: +65 63038898
Fax: +65 64728180
Email: info@delteq.com.sg

Spice-CSL Pte. Ltd.
152, Ubi Avenue 4,
Level 2, Smart Innovation Centre
Singapore 408826
Tel: +65 6514 9458
Fax: +65 6441 3013

Spice International Sdn Bhd
Wisma Paradise
No. 63, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel: +603 2070 8055
Fax: +603 2070 8066

CSL Mobile Care (M) Sdn Bhd
Wisma Paradise
No. 63, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel: +603 2070 8055
Fax: +603 2070 8066

CSL Multimedia Sdn Bhd
Wisma Paradise
No. 63, Jalan Ampang
50450 Kuala Lumpur, Malaysia
Tel: +603 2070 8055
Fax: +603 2070 8066

Affinity Capital Pte Limited
Mailing Address:
Blue Dot Center Block E-F,
Jl. Gelong Baru Utara No. 5-8,
Tomang Jakarta Barat 11440,
Indonesia
Tel: +62 21 5602 111

PT Selular Global Net
Blue Dot Center Blok E-F,
Jl. Gelong Baru Utara No. 5-8,
Tomang Jakarta Barat 11440,
Indonesia
Telp: +62 21 5602 111
Faks: +62 21 5661503
Email: sales@selulargroup.com

PT Selular Media Infotama
Blue Dot Center Blok E-F,
Jl. Gelong Baru Utara No. 5-8,
Tomang Jakarta Barat 11440,
Indonesia
Telp: +62 21 5602 111
Faks: +62 21 5661503
Email: sales@selulargroup.com

PT Metrotech Jaya Komunika Indonesia
Blue Dot Center Blok E-F,
Jl. Gelong Baru Utara No. 5-8,
Tomang Jakarta Barat 11440,
Indonesia
Telp: +62 21 5602 111
Faks: +62 21 5661503
Email: sales@selulargroup.com

Bharat IT Services Limited
C-10, Sector-65, Noida, U.P.
India 201301
Tel: +91 120 4141579
Fax: +91 120 4141550
Email: ho@spicelimited.com

Autonomous Electric Mobility Private Limited
Mailing Address:
C-10, Sector-65, Noida,
U.P. India 201301
Tel: +91 120 4141579
Fax: +91 120 4141550
Email: ho@spicelimited.com

GROUP OFFICES

Newtel Corporation Co., Ltd
972 Business Building Thailand,
Soi Saengjam – Rimklongsamsen,
Rama 9 Rd., Bangkapi, Huaykwang,
Bangkok 10320 Thailand
Email: troy@cavucorp.com.sg
Tel: +66 02 641 4461

MediaRing (Europe) Limited
Mailing Address:
152, Ubi Avenue 4,
Level 4, Smart Innovation Centre
Singapore 408826
Tel: +65 6514 9458
Fax: +65 6441 3013

MediaRing.com (Shanghai) Limited
Room 708-709, 7th floor,
Tomson Financial Building,
No. 710 Dongfang Road,
Pudong New Area, Shanghai, China
Post Code: 200122
Tel: +86 21 3868 5901
Fax: +86 21 3869 5902
Email: 147505461@qq.com

CSL Communication (Shenzhen) Co Ltd
赛思尔通信 (深圳) 有限公司
20A-1, XINBAOHUI BUILDING,
NANHAI ROAD,
NAN SHAN DISTRICT,
SHENZHEN CHINA
Post code: 518054
Tel no: +86 755 8369 2526
Fax no: +86 755 8369 2526
Email: 147505461@qq.com

Mobile Service International Co., Ltd
深圳市赛维信通讯技术服务有限公司
20A-1, XINBAOHUI BUILDING,
NANHAI ROAD,
NAN SHAN DISTRICT,
SHENZHEN CHINA
Post code: 518054
Tel no: +86 755 8369 2526
Fax no: +86 755 8369 2526
Email: 147505461@qq.com

This page has been intentionally left blank

SEVAK LIMITED
[Co. No. 199304568R]

152, UBI Avenue 4
Smart Innovation Centre
Singapore 408826
Tel: +65 65149458
Fax: +65 64413013