星嘉源

SINJIA LAND limited

REMOULDING

A STRONGER BUSINESS STRUCTURE

ANNUAL REPORT 2016

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Company's Sponsor has not independently verified the contents of this annual report.

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

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

CORPORATE PROFILE

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

The Group manufactures and supplies a wide range of customised elastomeric components to various industries, principally office automation, lifestyle products, industrial application, consumer electronics and automotive industries in the fast growing countries of Asia. The Group also engages in hostel management, by managing and operating lodging and boarding houses, as well as backpackers hostels.

The Group supports its broad base of customers in the region through operating subsidiary corporations located in Singapore, Indonesia (Batam), Malaysia (Johor) and the People's Republic of China (Suzhou).

SINJIA has and will continue to explore new business opportunities and further develop existing businesses to enhance the profitability of the Group.

MISSION

We aim to be a **LONG-TERM** partner to our customers. We strive to deliver QUALITY products at **COMPETITIVE** pricing, ensure **ON-TIME** delivery and **RESPONSIVE** service through continuous investment in technology and active involvement in customers' product development.

VISION

Our vision is to be a preferred **GLOBAL** One-Stop Solutions Provider for Integrated Mechanical Components.

CORE VALUES

We aim to be a **SOCIALLY-RESPONSIBLE CORPORATION** by **REDUCING, RECYCLING** and **RE-USING** relevant resources to minimise our impact on the environment.

We aim to be a **PEOPLE DEVELOPER** by inculcating a sense of affiliation and belonging amongst the management and workers.

We value **PEOPLE AS ASSETS** and provide opportunities for continual learning and personal upgrading.

MESSAGE TO SHAREHOLDERS

With its healthy financial position, the Group is well positioned to actively pursue its diversification strategy. In looking out for other business opportunities, the Company will adopt a low risk and incremental approach. We are confident that with this approach, the Group will be able to achieve its strategic objective and ultimately, enhance shareholders' value.

Dear Shareholders,

I am pleased to present to you the Annual Report of Sinjia Land Limited (the "**Company**" and together with its subsidiary corporations, the "**Group**") for the financial ended 31 December 2016 ("**FY2016**").

Recent economic indicators point to an improved global economic outlook for the year ahead, with the USA economy showing signs of better growth, and the China economy picking up speed. However, the business environment remains challenging, mired by political uncertainties such as the advent of a new President in the USA, Britain's upcoming exit from the European Union, war in the Middle East and political tensions in the South China sea.

Revenue generated from our core elastomeric components manufacturing business increased by 5.4% in FY2016. Notwithstanding the increase in revenue, sales of our products in the region faced intense competition, on the back of a slowdown in the business activities of some of the Group's customers. Volatility in the currency of our overseas operations also had an impact on our financial performance.

In FY2016, the Group recorded a lower net loss attributable to shareholders of S$0.49 million, as compared to a net loss attributable to shareholders of S$2.53 million for FY2015, largely due to lower operating expenses recorded in FY2016.

In our key markets of Singapore, Malaysia, Indonesia and China, besides the intense competition, we also face escalating production costs in FY2016, partly attributed to an increase in the minimum wage for China, Indonesia and Malaysia.

REPOSITIONING OUR COMPANY

In FY2016, as part of our strategic objective to diversify and enhance our earnings stream, we undertook several initiatives to reposition the Group for sustainable long-term growth and an increase in shareholder value.

ACQUISITION OF A HOSTEL MANAGEMENT COMPANY

On 7 October 2016, the Group completed the acquisition of 80% interest in G4 Station Pte. Ltd. ("**G4 Station**"), a Singapore-incorporated company involved in, among other things, the management of hostels in Singapore. The purchase consideration of S$664,000 was partly satisfied by the issuance of 240,000 new shares in the Company and the balance in cash.

INVESTMENT IN FUND MANAGEMENT BUSINESS

To enable the Group to achieve better returns for its cash reserves, the Company had, on 4 March 2016, announced plans to subscribe for 20,000 "SGD Class A" redeemable participating shares in the Asia Long Short Fund (the "**Fund**") managed by Fortune Capital Management Pte. Ltd., for a total subscription amount of S$2 million.

The investment objective of the Fund is to achieve long term capital growth through investments in publicly traded equities of listed companies in recognised stock exchanges, whose revenue is derived substantially from business operations in Asia.

OUTLOOK FOR THE YEAR AHEAD

The business environment for the Group's core manufacturing business remains challenging for the year ahead. In FY2016, through improved operational efficiency, the Group increased its productivity by 7.6% with improved gross profit margin of 34.0% (as compared to 33.3% in FY2015). However, as a result of the increase in minimum wage in Malaysia, Indonesia and China, the Group's production cost inevitably increased despite the aforementioned improvement in productivity. We do not foresee a significant growth in our current core business of elastomeric components manufacturing business although it is expected to remain resilient at the current level.

With our healthy financial position, the Group is well positioned to actively pursue its diversification strategy. In looking out for other business opportunities, the Company will adopt a low risk and incremental approach. We are confident that with this approach, the Group will be able to achieve its strategic objective and ultimately, enhance shareholders' value.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, we would like to thank our shareholders, business partners and business associates for their support through the years. To the management and staffs of the Group, we would like to express our sincere appreciation for your dedication and hard work, without which, the Company would not have achieved its progress. Finally, we would also like to thank the Board of Directors for their invaluable advice in steering the Company towards its strategic objectives.

LI ANHUA
Non-Executive Chairman

CHEONG WEIXIONG, JEFF
Group Chief Executive Officer and Executive Director

FINANCIAL AND BUSINESS ***REVIEW***

BUSINESS REVIEW

For the twelve months ended 31 December 2016 ("**FY2016**"), the manufacturing and sale of precision elastomeric components used in the manufacture of office automation equipment, lifestyle products, consumer electronics, automotive equipment and other industrial applications continued to be the Group's primary business.

The Group's production facilities are located in Batam, Indonesia, Johor Bahru, Malaysia and Suzhou, China, with the sales office in Singapore.

Its elastomeric production capabilities range from material formulation, to compounding, moulding and other secondary processes customised to the specific requirements of customers.

Customers include multi-national corporations in Asia, Europe and America and include household brand-names such as Dyson, Philips, Tyco and Shimano.

In terms of geographical spread, Malaysia accounted for 41.9% of revenue, followed by Singapore with 28.4% and China with 19.0%. Indonesia accounted for the remaining 10.7%.

The differences in revenue is mainly due to the different products and services available in each country as well as buyer demand for the different products and services.

The Group will continue with its high productivity and cost-efficiency drive to maintain the profit margin of its manufacturing operations. It will also intensify its business development and marketing activities to secure a wider customer base.

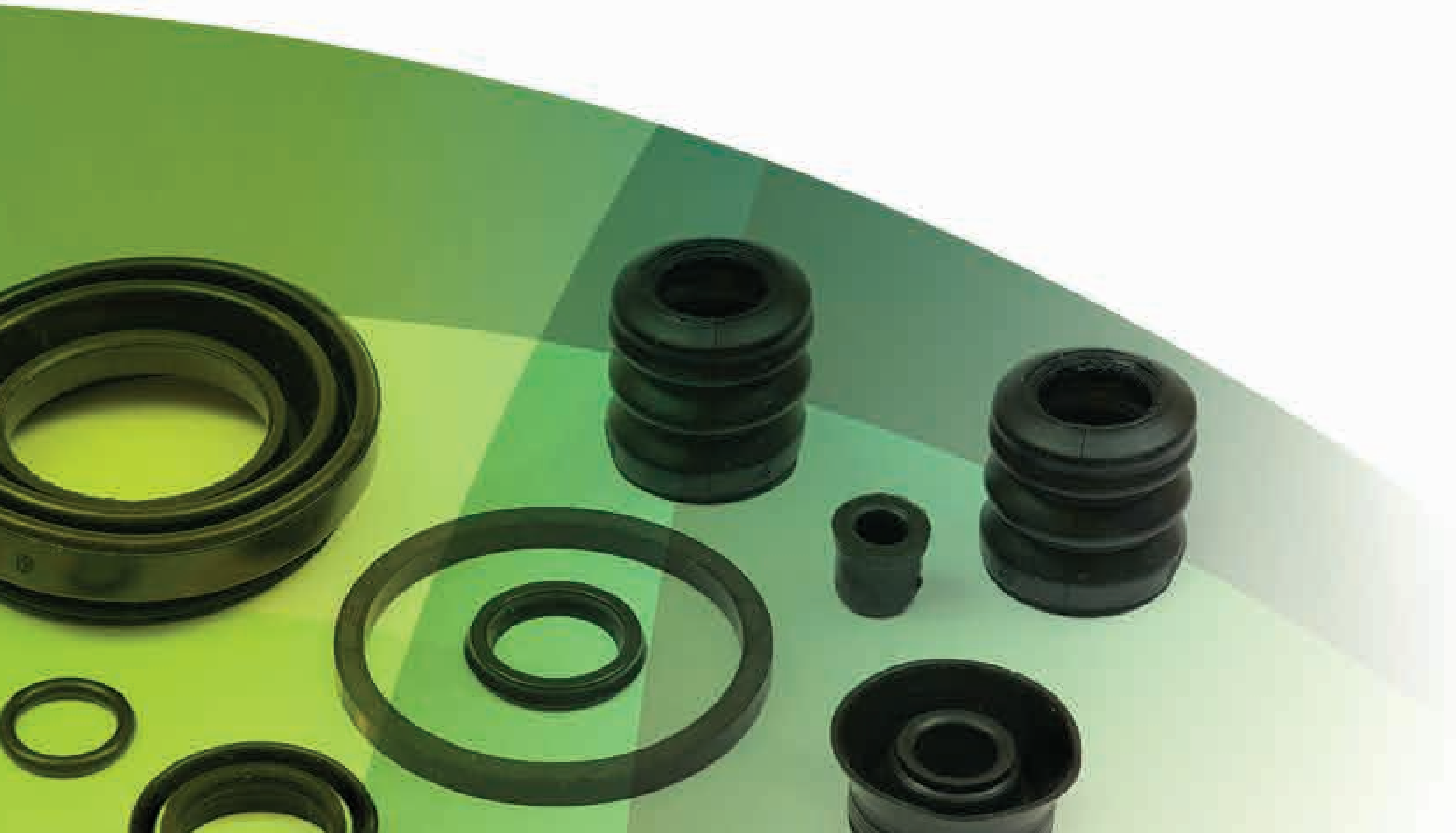
As part of its diversification strategy with the objective of securing additional income streams from sectors with growth potential, the Group initiated corporate developments in real estate and financial investment into a new fund to enhance the prospects for long term sustainable growth in FY2016.

FINANCIAL REVIEW

Income Statement

(i) Continuing Operations

Group revenue for FY2016 increased by 5.4% to S$16.14 million from S$15.30 million for FY2015. It was contributed by key customers of the Group's Elastomeric business units in Singapore, Suzhou and Batam and new revenue stream of S$0.1 million from G4 Station following its acquisition on 7 October 2016. This was partly offset by a decrease of orders from key customers of the Elastomeric business units in Malaysia.



Gross profit in FY2016 grew by 7.6% or S$0.39 million, from S$5.09 million for FY2015 to S$5.48 million in FY2016 due to higher gross margin recorded in FY2016. Gross profit margin accordingly increased from 33.3% for FY2015 to 34.0% for FY2016.

Distribution costs and administrative expenses decreased by 9.8% to S$6.02 million in FY2016 from S$6.68 million in FY2015 mainly due to decrease of staff related cost and legal fees.

In FY2016, the Group registered a net profit before tax of S$0.02 million (FY2015: net loss before tax of S$1.03 million) and a loss after tax of S$0.60 million (FY2015: S$1.81 million). The Group posted a loss attributable to equity holders of the Company of S$0.49 million in FY2016 compared to S$2.53 million in FY2015.

(ii) Discontinued Operations
The Group announced the voluntary liquidation of a dormant subsidiary corporation in Malaysia on 3 January 2017 and classified the energy/power segment as discontinued operations. The discontinued operations reported a profit attributable to owners of S$0.04 million (FY2015: loss attributable to owners of S$1.28 million).

FINANCIAL POSITION

Non-current Assets
As at 31 December 2016, the total non-current assets of the Group increased by S$0.73 million to S$16.97 million from S$16.24 million as at 31 December 2015. The Group purchased new plant and equipment of S$1.00 million, offset by the depreciation of plant and equipment of S$0.70 million. The Group completed the acquisition of G4 Station on 7 October 2016 and recorded provisional goodwill of S$0.76 million.

Current Assets
The Group's current assets amounted to S$19.92 million as at 31 December 2016, a decrease of S$1.10 million compared to 31 December 2015. The Group subscribed for 20,000 "SGD Class A" redeemable participating shares at the price of S$100.00 per share in Fortune Asia Long Short Fund (the "Fund"), for the total subscription amount of S$2.00 million and its fair value increased by S$0.05 million to S$2.05 million as at the financial year end.

Cash and cash equivalents declined by S$3.58 million mainly due to the investment in the Fund of S$2.00 million, purchase of new plant and equipment of S$1.00 million, new investment into G4 of S$0.66 million, repayment of borrowings and lease liabilities of S$1.21 million and the payment of income tax of S$0.85 million.

Total Liabilities
The Group had S$16.28 million total liabilities as at 31 December 2016, with approximately S$0.57 million under non-current liabilities. The increase of financial liabilities in FY2016 was mainly due to higher utilisation of trade finance facilities that were extended to the Group's subsidiary corporation in China.

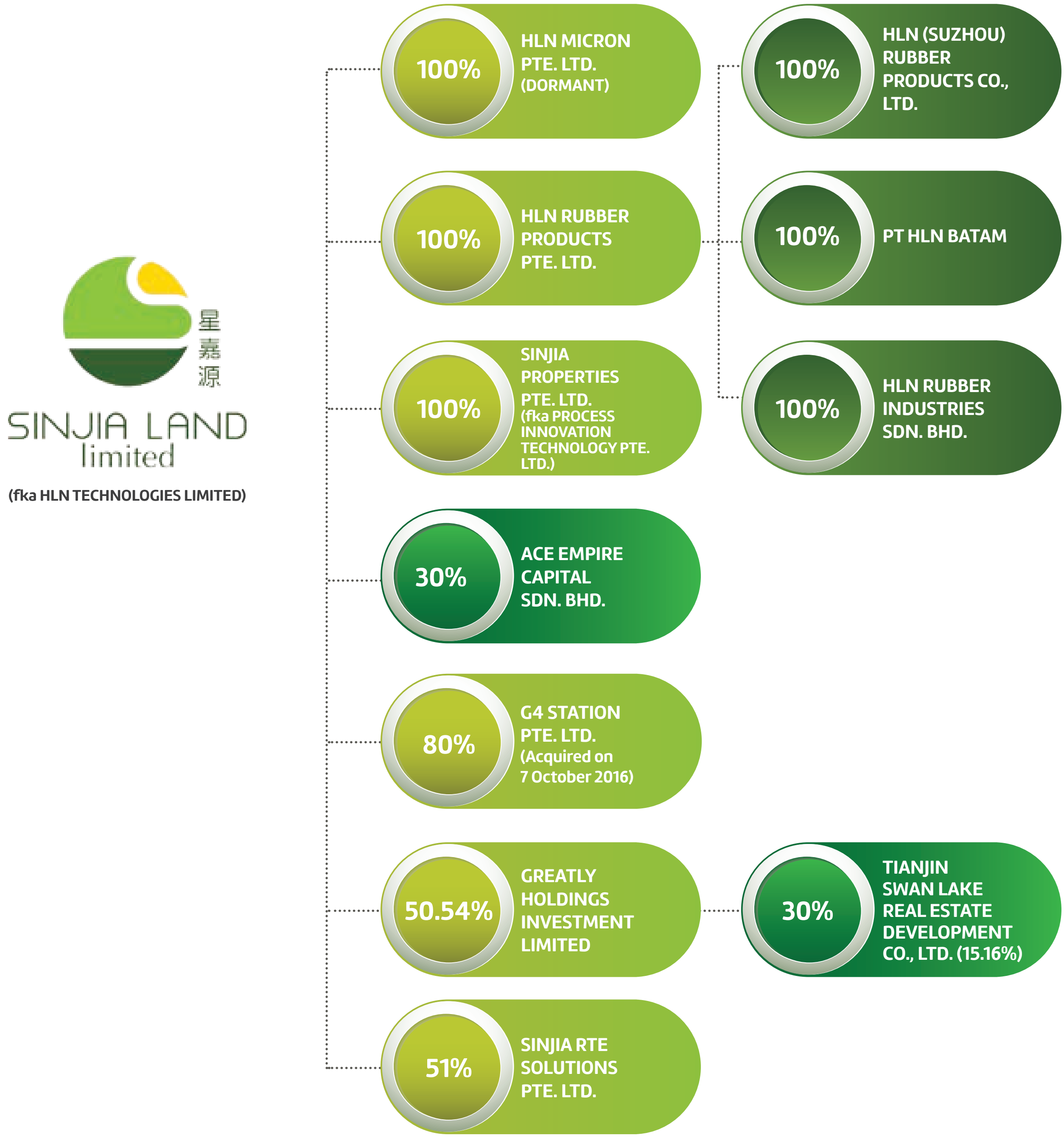
During the financial year, the Group repaid bank borrowings of approximately S$1.17 million but took on additional borrowings of S$1.55 million.

The Group was in a net cash position as at 31 December 2016.

Total Equity
Total equity decreased by S$0.77 million to S$20.61 million as at 31 December 2016 from S$21.38 million as at 31 December 2015. On 3 October 2016, the Company received the Listing and Quotation Notice from the Singapore Exchange Securities Trading Limited for the listing and quotation of the Consideration Shares for issue to the vendor of G4 Station. Following this, the issued and paid-up share capital of the Company has increased from 140,659,920 Shares to 142,072,685 Shares. Accumulated losses decreased by S$0.53 million during the financial year. The loss attributable to non-controlling interest reduced the effect of higher retained earnings on total equity.

There was an increase in losses from foreign currency translation reserves of S$0.31 million mainly due to the weakening of China's Renminbi and Malaysia Ringgit against the Singapore Dollar, the strengthening of Indonesia Rupiah against the Singapore Dollar.

GROUP STRUCTURE



LEGEND

- Strategic Business Unit
- Supporting SBU
- Micro S-SBU

BOARD OF DIRECTORS

MR LI ANHUA

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

Mr Li has approximately 30 years of experience in the senior administration of financial institutions and was the vice-chairman of the board of directors of Hainan Dadonghai Tourism Centre Co., Ltd., a company listed on the Shenzhen Stock Exchange.

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

MR CHEONG WEIXIONG, JEFF

Mr Cheong Weixiong, Jeff was appointed as an Executive Director of the Company and Group Chief Executive Officer on 4 August 2009. As Group CEO, Mr Cheong is responsible for the overall management of the Group as well as overseeing the Group's Corporate Strategy and Human Resources functions.

Mr Cheong has approximately 13 years of experience in the investment advisory industry. His growing reputation in the investment advisory industry led him to join Kim Eng Securities Pte. Ltd. as senior vice president of the equity sales department in 2007. He handled professional securities brokerage and provided investment advisory services to institutions, corporations and high net worth investors.

Mr Cheong holds a Diploma in Information Studies at Temasek Polytechnic, and completed the Executive Master in Business Administration from the Singapore Management University.

BOARD OF DIRECTORS

MR LEE JIM TECK, EDWARD

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

Mr Lee has served as the chief financial officer and financial controller for a number of US Fortune 500 companies. He has over 35 years of experience in finance, accounting, audit, human resource and information technology. He also volunteers his services in a number of not-for-profit organisations and charities.

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

MR CHEUNG CHI KIN

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

Mr Cheung is a consultant providing professional advice in real estate investments for Yangpu Quanan Commercial Management Co., Ltd. and Huizhong Asset Management Co., Ltd. in China. Mr Cheung has more than 19 years of property investment experience which covers areas such as sales and marketing, property management and property development.

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

KEY *MANAGEMENT*

MR LEE FUT HUA

Mr Lee Fut Hua was appointed as the Company Secretary and Managing Director of Elastomeric Group ("ELMG") business unit of the Group on 15 August 2016. He is responsible for the general and operational management of the Group's entities, namely HLN Rubber Products Pte. Ltd. ("HRP"), HLN Rubber Industries Sdn. Bhd. ("HRI"), HLN (Suzhou) Rubber Products Co., Ltd. ("HSR") and PT HLN Batam ("PTH").

Prior to joining the Group, Mr Lee has over 23 years of experience in accounting and finance. Mr Lee was the group finance director of Lorenzo International Limited (a listed company on Mainboard of the SGX-ST) and was primarily responsible for its group accounting and financial operations, overseeing its financial reporting requirements and ensuring corporate compliance with the relevant regulations. Previously, he was a corporate development manager with HL Cement Co Pte. Ltd., and was responsible for overseeing the corporate finance and accounts division. From 1986 to 1998, he held the position of accounting manager with Sintat Rent-A-Car (Pte.) Limited and was in charge of its finance and accounting activities in Singapore and Malaysia.

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

MS CHAN SAW YEE, JOYCE

Ms Chan Saw Yee, Joyce is the Group Financial Controller. She joined the Group on 1 November 2006 as Assistant Finance Manager for our Metallic business unit and was promoted to Assistant Group Accountant on 1 January 2009. She was subsequently promoted to Group Accountant on 1 January 2010 and Group Financial Controller on 1 January 2015. Ms Chan is responsible for the overall financial and management reporting of the Group. Prior to joining the Group, she had worked with a manufacturing company as a senior accounts executive, overseeing the accounts of its China subsidiary corporation. Ms Chan holds a Bachelor of Arts with 2nd Class Honors in Accounting and Finance from the Oxford Brookes University (in association with Nilai College, Malaysia).

MR TAN CHYE THIAM, KELVIN

Mr Tan Chye Thiam, Kelvin is the General Manager of the ELMG business unit of the Group in Singapore. He is responsible for the general and operational management of HRP (an entity within the Group). Mr Tan joined the Group on 12 February 2007 as the Deputy General Manager and was promoted to General Manager of the Elastomeric business unit on 1 September 2007. Mr Tan has more than 18 years of experience in plant management for the rubber industry. Prior to joining the Group, Mr Tan was the assistant plant manager of Hi-Tech Polymer Limited from 2000 to 2007, and worked as production manager for various manufacturing companies between 1991 and 2000. Mr Tan holds a Diploma in Chemical Process Technology from the Singapore Polytechnic.

KEY MANAGEMENT

MR NARAYANASAMY SENTHIL KUMAR

Mr Narayanasamy Senthil Kumar is the General Manager of the ELMG business unit in Batam, Indonesia. He is responsible for the general and operational management of PTH (an entity within the Group). Mr Kumar joined the Group on 1 December 1997 as a Compounding and Molding Operator and was promoted to Production Supervisor in 1999 and Quality Assurance Manager in 2001. Due to his in-depth knowledge in rubber chemistry and his leadership skills, he was later promoted to Deputy General Manager on 12 August 2004 and promoted to General Manager on 1 January 2014.

MR TAN YEOW MING, MARK

Mr Tan Yeow Ming, **Mark** is the Deputy General Manager of our ELMG business unit in Suzhou, China. Mr. Tan joined the Group on 1 June 2015 and is responsible for the operational management of HSR (an entity within the Group). Prior to joining the Group, he was an operation manager at Glocom Marketing Pte. Ltd. from 2013 to 2015, and worked as a sales and marketing manager in various manufacturing companies from 1993 to 2012. Mr Tan has more than 17 years of experience in the rubber, die cut, stamping and plastic molding industry. He worked with Uniplas Enterprises Pte. Ltd. and its subsidiary corporations in Shanghai, Kunshan and Suzhou for 11 years in the areas of mold decoration plastics molding. He holds a Diploma in Electrical Engineering from Ngee Ann Polytechnic.

MR TEW LAY KHONG, STANLEY

Mr Tew Lay Khong, **Stanley** is the Deputy General Manager of the ELMG business unit in Johor, Malaysia. Mr Tew joined our Group in February 2016 and is responsible for the operational management of HRI (an entity within the Group). Prior to joining the Group, he was the general manager of Trend Technologies (Suzhou) Company Limited in China and TKR Singapore Pte. Ltd.. He served customers that were in multi-national manufacturing base in the past 28 years and specialized in metal-related products, including the consumer electronics, computer peripherals, office automation, medical devices, industrial test equipment, server storage, banking devices and networking sectors. He has strong leadership skills, hands on manufacturing experiences and plant management knowledge. He holds a Bachelor of Science, majoring in Mathematics and Business, from Singapore Institute of Management.

CORPORATE INFORMATION

BOARD OF DIRECTORS

LI ANHUA
Non-Executive Chairman and Independent Director

CHEONG WEIXIANG, JEFF
Group Chief Executive Officer and Executive Director

LEE JIM TECK, EDWARD
Non-Executive and Independent Director

CHEUNG CHI KIN
Non-Executive Director

NOMINATING COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN Member

REMUNERATION COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN Member

AUDIT COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN Member

COMPANY SECRETARY

LEE FUT HUA

REGISTERED OFFICE

Block 16 Kallang Place,
#01-16/18, Kallang Basin Industrial Estate
Singapore 339156
Telephone number: (65) 6224 7320
Facsimile number: (65) 6224 7231
Website: www.sinjl.com

SHARE REGISTRAR

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

INDEPENDENT AUDITOR

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

Director-In-Charge: Low See Lien
(Since financial year ended 31 December 2013)

SPONSOR

ZICO CAPITAL PTE. LTD.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

CORPORATE ADDRESSES

SINJIA LAND LIMITED

Block 16 Kallang Place, #01-16/18
Kallang Basin Industrial Estate
Singapore 339156
Telephone: (65) 6224 7320
Facsimile: (65) 6224 7231

ELASTOMERIC BUSINESS UNIT

HLN RUBBER PRODUCTS PTE. LTD.
Block 16 Kallang Place, #01-16/18
Kallang Basin Industrial Estate
Singapore 339156
Telephone: (65) 6746 1366
Facsimile: (65) 6295 6080

HLN RUBBER INDUSTRIES SDN. BHD.
No. 19A Jalan Padu
Tampoi Industrial Estate
80350 Johor Bahru
Johor, Malaysia
Telephone: (60) 7 238 6743
Facsimile: (60) 7 238 6784

HLN (SUZHOU) RUBBER PRODUCTS CO., LTD.
No. 17 Suhong East Road, Unit 2-2
(Yongfeng Tech Park), Suzhou Industrial Park
Jiangsu Province 215000
People's Republic of China
Telephone: (86) 512 6762 1526/1528
Facsimile: (86) 512 6762 1527

PT HLN BATAM
Lot 279, Jalan Angsana
Batamindo Industrial Park
Muka Kuning, Batam Island 29433
Indonesia
Telephone: (62) 770 612 008
Facsimile: (62) 770 612 886

PROPERTY BUSINESS UNIT

SINJIA PROPERTIES PTE. LTD.
(F.K.A Process Innovation Technology Pte. Ltd.)
Block 16 Kallang Place, #01-16/18
Kallang Basin Industrial Estate
Singapore 339156
Telephone: (65) 6224 7320
Facsimile: (65) 6224 7231

POWER & ENERGY UNIT

SINJIA RTE SOLUTIONS PTE. LTD.
12 Lorong Bakar Batu #05-11
Singapore 348745
Telephone: (65) 6841 1656
Facsimile: (65) 6741 0885

HOSPITALITY MANAGEMENT UNIT

G4 STATION PTE. LTD.
11 Mackenzie Road
Singapore 228675
Telephone: (65) 6224 7320
Facsimile: (65) 6224 7231

FINANCIAL
CONTENTS

CORPORATE GOVERNANCE **REPORT**

The Board of Directors (the "**Board**" or "**Directors**") and management ("**Management**") of the Sinjia Land Limited (the "**Company**", and together with its subsidiary corporations, the "**Group**") are committed to ensuring high standards of corporate governance for the protection of shareholders' interests and value and to promote investors' confidence. The following report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance 2012 (the "**Code**"). The Board confirms that, for the financial year ended 31 December 2016 ("**FY2016**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided. The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

The attendance of the Directors at meetings of the Board and the Board Committees for FY2016 is as follows:

Board attendance

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held	**4**	**4**	**1**	**1**
		Attendance		
Li Anhua	4	4	1	1
Cheong Weixiong, Jeff	4	NA	NA	NA
Lee Jim Teck, Edward	3	3	1	1
Cheung Chi Kin(1)	2	2	–	–
Tang Chi Loong(2)	1	1	1	1

NA: Not Applicable

Notes:
(1) Mr Cheung Chi Kin was appointed to the Board as a Non-Executive Director on 12 May 2016.
(2) Mr Tang Chi Loong retired pursuant to Article 115 of the Company's Constitution at the Company's annual general meeting held on 29 April 2016 and did not offer himself for re-election.

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

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

CORPORATE GOVERNANCE REPORT

Training for Directors

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

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

The Company also encourages the Directors to attend seminars and receive training to improve themselves in the discharge of their duties as directors and to constantly keep abreast of development in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group through participation in seminars and workshops. The Company works closely with external professionals to update its directors on any new requirements of the Catalist Rules, Companies Act or changes to relevant laws, regulations and accounting standards from time to time. During FY2016, all Directors had received updates on changes to the Catalist Rules, the Companies Act and developments in financial reporting and governance standards, so as to enable them to make well-informed decisions and to properly discharge their duties as Directors.

Board Composition and Guidance

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

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

The independence of each Director is assessed and reviewed at least annually by the NC. In its deliberation as to the independence of a Director, the NC takes into account examples of relationships as set out in the Code, considers whether a Director has and/or had business relationships with the Company or its related corporations, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Group. Each independent director is also required to complete a Director's Independence Declaration annually to confirm his independence. The NC has reviewed, determined and confirmed the independence of the Independent Directors. None of the Independent Directors have served on the Board beyond nine (9) years from the date of his appointment.

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

CORPORATE GOVERNANCE REPORT

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

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

Chairman and Chief Executive Officer

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Board Membership

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

The NC comprises three (3) members, two (2) of whom, including the NC Chairman, are Independent Directors. The members of the NC are:

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

At the forthcoming AGM, Lee Jim Teck, Edward will be retiring pursuant to Article 115 of the Constitution and Cheung Chi Kin will be retiring pursuant to Article 119 of the Constitution. Both of them, being eligible for re-election, have offered themselves for re-election. The NC recommended to the Board that Lee Jim Teck, Edward and Cheung Chi Kin be nominated for re-election at the forthcoming AGM. In making the recommendations, the NC has considered, *inter alia*, the performances and contributions of Lee Jim Teck, Edward and Cheung Chi Kin to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). As members of the NC, each of Lee Jim Teck, Edward and Cheung Chi Kin has abstained from voting on any resolutions in respect of the assessment of his own performance for re-appointment as a Director.

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

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

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

CORPORATE GOVERNANCE ***REPORT***

The key information of the Directors is as follows:

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Functions/ Board Committees served	Directorships or chairmanships both present and held over the preceding three (3) years in other listed companies and other principal commitments
Li Anhua	Non-Executive and Independent	13 August 2009	30 April 2015	Chairman of the Board, the AC, the NC and the RC	Other principal commitment None Present Directorships None Past Directorships None
Cheong Weixiong, Jeff	Executive	4 August 2009	29 April 2016	Nil	Other principal commitment None Present Directorships None Past Directorships None
Lee Jim Teck, Edward	Non-Executive and Independent	27 July 2011	28 April 2014	Member of the AC, the NC and the RC	Other principal commitment None Present Directorships None Past Directorships None
Cheung Chi Kin[(1)]	Non-Executive	12 May 2016	– (to be re-elected at forthcoming AGM)	Member of the AC, the NC and the RC	Other principal commitment 1. Consultant of Huizhong Asset Management Co., Ltd. 2. Consultant of Yangpu Quanan Commercial Management Co., Ltd. Present Directorships None Past Directorships None

Note:

(1) Mr Cheung Chi Kin was appointed to the Board as a Non-Executive Director on 12 May 2016.

CORPORATE GOVERNANCE REPORT

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

Board Performance

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

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

The NC undertakes the Board performance appraisal annually. The appraisal results are reviewed by the NC and discussed with Board members for determining areas for improvement and enhancement of the Board effectiveness. Although the Code proposes certain financial indicators as performance criteria, such as the Company's share price performance, the Board is of the opinion that the performance criteria should be geared towards evaluating the Board and the Directors' performance in discharging its principal responsibilities, upholding high standards of corporate governance and strategic oversight of the Company's business rather than the specific performance of its share price and other financial indicators. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

For FY2016, all Directors are requested to complete a Board assessment checklist designed to seek their views on the various performance criteria set by the Board, so as to assess the overall performance and effectiveness of the Board. The checklists are completed and submitted to the Company Secretary for collation and the consolidated responses are presented to the NC for review and discussion before making any recommendations to the Board.

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

Access to Information

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

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

The Directors have separate and independent access to the Management and the Company Secretary to facilitate access to any required information. The Company Secretary attends all Board meetings and is responsible for recording of the proceedings as well as oversees all processes and practices relating to company secretarial matters. The appointment and removal of the Company Secretary are subject to the approval of the Board.

CORPORATE GOVERNANCE REPORT

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

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

The duties of the RC are as follows:

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

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

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

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

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

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

Level and Mix of Remuneration

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

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

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

The RC has adopted a framework to remunerate the Non-executive Directors based on their appointments and roles in respective Board Committees and contributions to the Board and Company. The remuneration packages of the Non-Executive Directors comprise a basic Director's retainer fee and additional fees for appointment to Board Committees. The RC has assessed and is satisfied that the Non-Executive Independent Directors are not overly-compensated to the extent that their independence is compromised. While the remuneration frameworks are not subject to Shareholders' approval, the fees for the Non-Executive Directors will be subject to the approval of Shareholders at the AGM. Directors' fees of S$151,500 for FY2016 are recommended by the Board and subject to the approval of Shareholders at the forthcoming AGM.

The HLN Technologies Limited Performance Share Plan ("**HLN PSP**") was approved by Shareholders at an Extraordinary General Meeting held on 15 May 2008 and is administered by the RC. The HLN PSP replaces the HLN Technologies Limited Employee Share Option Scheme ("**HLN ESOS**") which was implemented in September 2005. Persons eligible to participate in the HLN PSP are selected employees of the Group (including Executive Directors, Non-Executive Directors and Non-Executive and Independent Directors as well as controlling Shareholders of the Company and their associates). The HLN PSP contemplates the award of fully paid shares, their equivalent cash value or combinations thereof, free of charge, when or after prescribed performance targets and service conditions are achieved and/or when due recognition should be given to any good work performance and/or any significant contribution to the Company. Further information to the HLN PSP is set out in the "Directors' Statement" section of this Annual Report.

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

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

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

Remuneration of Directors

A breakdown, showing the level and mix of each individual Director's remuneration payable for the financial year ended 31 December 2016, is as follows:–

Remuneration Bands	Fee(1)	Salary & fixed allowance(2)	Bonus & incentives(2)	Long term incentives(3)	Total
S$500,000 to S$749,999					
Cheong Weixiong, Jeff	Nil	100%	Nil	Nil	100%
Below S$250,000					
Li Anhua	98%	2%	Nil	Nil	100%
Tang Chi Loong (Retired on 29 April 2016)	Nil	100%	Nil	Nil	100%
Edward Lee Jim Teck	98%	2%	Nil	Nil	100%
Cheung Chi Kin (Appointed on 12 May 2016)	99%	1%	Nil	Nil	100%

Notes:

(1) Directors fees are payable in FY2017 after approval by Shareholders at the AGM.

(2) Salary & fixed allowance, and bonus & incentives shown are inclusive of employer CPF. The non-Executive Directors are paid S$300 meeting allowance for each Board meeting.

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

CORPORATE GOVERNANCE ***REPORT***

Remuneration of Top 5 Executives of the Company

A breakdown, showing the level and mix of each of the Top 5 executives' remuneration payable for FY2016, is as follows:–

Remuneration Bands	Salary & fixed allowance[3]	Bonus & incentives[3]	Long term incentives[4]	Total
Below S$250,000				
Chan Saw Yee, Joyce	100%	Nil	Nil	100%
Ng Khoon Seng[1]	100%	Nil	Nil	100%
Sim Gim Hwee, Melvin[2]	100%	Nil	Nil	100%
Tan Chye Thiam, Kelvin	100%	Nil	Nil	100%
Tew Lay Khong, Stanley[5]	81%	19%	Nil	100%

Notes:
(1) *Mr Ng Khoon Seng's last day of service was 29 April 2016.*
(2) *Mr Sim Gim Hwee, Melvin's last day of service was 25 November 2016.*
(3) *Salary & fixed allowance and bonus & incentives shown are inclusive of employer CPF.*
(4) *Long term incentives includes performance shares. No performance share was awarded during the year.*
(5) *Mr Tew Lay Khong, Stanley was appointed on 16 February 2016.*
(6) *The aggregate remuneration paid to the top five (5) executives for FY2016 was approximately S$647,980.*

For FY2016, there was no employee in the Group, being an immediate family member of a Director or the Group CEO, whose annual remuneration exceeded S$50,000.

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

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

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

The HLN Technologies Limited Performance Share Plan ("**PSP**") was approved by the Shareholders at an Extraordinary General Meeting held on 15 May 2008 to replace the HLN Employee Share Option Scheme. The PSP complies with the relevant rules as set out in Chapter 8 of the Catalist Rules. The PSP will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Details of the PSP are set out in the "Directors' Statement" section of this Annual Report.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Accountability

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

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

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

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

All the Directors and Executive Officers (as defined in the Catalist Rules) of the Group also signed a letter of understanding pursuant to the amended Rule 720(1) of the Catalist Rules

Risk Management and Internal Controls

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

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

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

CORPORATE GOVERNANCE **REPORT**

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

For FY2016, the Board has obtained assurance from the Group CEO and the Group Financial Controller that:

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

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

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

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

Audit Committee

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

The AC comprises of three (3) members, two (2) of whom, including the AC Chairman, are Independent Directors. The member of the AC are:.

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

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

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

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

CORPORATE GOVERNANCE REPORT

The terms of reference of the AC are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

Nexia TS Public Accounting Corporation, which is registered with the Accounting and Corporate Regulatory Authority, has been appointed as the auditors of the Company and its Singapore-incorporated subsidiary corporations. The Group has appointed different auditors for its overseas subsidiary corporations. The Board and the AC have reviewed the appointment of the different auditors for its overseas subsidiary corporations and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group as the auditors of the Company's significant overseas incorporated subsidiary corporations. The Company has complied with Rules 712 and 715 of the Catalist Rules in the appointment of the external auditors for the Group in FY2016. Pursuant to Rule 1204(6)(a) of the Catalist Rules, the aggregate amount of audit and non-audit fees paid to the external auditors in FY2016 were S$91,000 and S$25,000 respectively. A breakdown of the fees in total for audit and non-audit services is set out on page 70 of this Annual Report. The AC is satisfied with their independence and has recommended the re-appointment of Nexia TS Public Accounting Corporation at the forthcoming AGM.

The AC has met once with the external auditors, and with the internal auditors, without the presence of Management during the year.

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

Whistle Blowing

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

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

In FY2016, the AC had carried out the following activities:

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

(b) reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;

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

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

(e) reviewed the results of the internal audit procedures the assistance given by the Management to the internal auditor;

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

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

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

CORPORATE GOVERNANCE REPORT

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

Matters considered	How the AC reviewed these matters and what decisions were made
Valuation of trade and other receivables	The AC considered the approach and methodology applied to the valuation model in trade and other receivables assessment as well as the assessment for indicators of allowance for impairment. The AC reviewed the reasonableness of the basis and assumptions used by management in assessing the recoverability of the trade and other receivables. The impairment review was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. Please refer to page 40 of this Annual Report.
Available-for-sale financial assets ("AFS")	The AC considered the approach and methodology applied to the valuation model in assessing the valuation of the AFS relating to the unquoted investment. The AC reviewed the reasonableness of the basis and assumptions used by management in estimation of fair value of the AFS. The valuation of the AFS financial asset was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 December 2016. Please refer to page 40 of this Annual Report.

Internal Audit

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

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

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

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

The AC reviews annually the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The AC is satisfied that the internal auditors is staffed by qualified and experienced personnel.

CORPORATE GOVERNANCE REPORT

The internal auditors completed one review during the financial year ended 31 December 2016 in accordance with the internal audit plan approved by the AC. The findings and recommendations of the internal auditors, management's responses, and management's implementation of the recommendations have been reviewed and approved by the AC.

Shareholder Rights

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

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

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

The Constitution allows each Shareholder to appoint up to two (2) proxies to attend general meetings. On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

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

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

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

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

(c) circulars and notices issued to all Shareholders;

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

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

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

CORPORATE GOVERNANCE REPORT

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

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Taking into account the above factors, the Board has not recommended dividends to be paid in respect of FY2016.

Conduct of shareholder meetings

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

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

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

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

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

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

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

DEALINGS IN SECURITIES

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

The Company has complied with Rule 1207(19) of the Catalist Rules in the reporting year ended 31 December 2016.

INTERESTED PERSON TRANSACTIONS ("IPTs")

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

The Group does not have a general mandate from Shareholders for IPT pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPTs entered into between the Company or its subsidiary corporations and any of its interested persons exceeding S$100,000 during FY2016.

MATERIAL CONTRACTS

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

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees paid or payable to Stamford Corporate Services Pte. Ltd. in FY2016.

Subsequent to FY2016, ZICO Capital Pte. Ltd. was appointed as the Company's continuing sponsor in place of Stamford Corporate Services Pte. Ltd. with effect from 1 March 2017.

DIRECTORS' ***STATEMENT***

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2016 and the balance sheet of the Company as at 31 December 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 44 to 117 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

Directors

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

Li Anhua
Cheong Weixiong, Jeff
Lee Jim Teck, Edward
Cheung Chi Kin (appointed on 12 May 2016)

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

In accordance with Article 119 of the Company's Articles of Association, Cheung Chi Kin is due to retire at the forthcoming Annual General Meeting, being eligible, offer himself for re-election.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Performance Share Plan" on pages 35 to 37 of this statement.

Directors' interests in shares or debentures

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

	Holdings registered in name of director	
	At 31.12.2016	**At 01.01.2016**
Company		
(No. of ordinary shares)		
Cheong Weixiong, Jeff	2,361,000	2,361,000

The directors' interests in the ordinary shares of the Company as at 21 January 2017 were the same as those as at 31 December 2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Share options

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

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

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

HLN Technologies Limited Performance Share Plan ("HLN PSP")

The HLN PSP was approved by the shareholders of the Company at an Extraordinary General Meeting held on 15 May 2008 to replace the HLN Employee Share Option Scheme ("Scheme").

Under the HLN PSP, it is contemplated that the award of fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, issued free of charge to eligible participants would incentivise the participants to excel in their performance and encourage greater dedication and loyalty to the Group. The Company is able to recognise and reward past contributions and services and motivate the participants to continue to strive for the Group's long-term prosperity. The HLN PSP will further strengthen and enhance the Company's competitiveness in attracting and retaining employees with suitable talents. In addition, the HLN PSP aims to foster an ownership culture within the Group which aligns the interests of the key executives and employees with the interests of the shareholders.

The HLN PSP contemplates the award of fully paid ordinary shares of the Company when or after pre-determined performance or service conditions are accomplished and/or when due recognition should be given to any good work performance and/or any significant contribution to the Group upon expiry of prescribed vesting periods.

The HLN PSP is administered by the Remuneration Committee (the "Committee") whose members are:

Li Anhua
Lee Jim Teck, Edward
Cheung Chi Kin

Members of the Committee were not and shall not be involved in the Committee's deliberations in respect of performance shares granted to them.

Under the rules of the HLN PSP, any employee (including Executive Directors and Independent Directors of the Company) who holds such rank as may be designated by the Committee from time to time, who has attained the age of 21 years on the date of grant of the award and is not an undischarged bankrupt and has not entered into composition with their respective creditors and who has contributed or will contribute to the success of the Group shall be eligible to participate in the HLN PSP. However, any grant of awards to the Independent Directors pursuant to the HLN PSP is subject to and shall comply with the provisions of section 76 of the Companies Act, Chapter 50.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

HLN Technologies Limited Performance Share Plan ("HLN PSP") (continued)

Controlling shareholders or their associates who meet the eligible criteria above and who have contributed to the success and development of the Group are eligible to participate in the HLN PSP provided that the participation by each such controlling shareholder or associate and each grant of awards to any one of them may be effected only with the specific prior approval of shareholders at a general meeting in separate resolutions. The Company will at such time seek the specific prior approval of shareholders at a general meeting in separate resolutions for any proposal to grant the controlling shareholders or their associates any awards.

There shall be no restriction on the eligibility of any of the eligible participants to participate in any other share option or share incentive schemes implemented or to be implemented by the Group.

The granting of awards will be made by the Committee at any time during the period when HLN PSP is in force.

The awards granted under the HLN PSP are performance-based, and such awards entitle eligible participants to be allotted fully paid shares upon satisfactory achievement of pre-determined performance targets. The awards given are determined at the discretion of the Committee, who will take into account factors such as the eligible participants' capability, scope of responsibility and skill. The Committee also set specific performance-based criteria such as profitability, growth, asset efficiency, return on capital employed, and other financial indicators, penetration into new markets, increasing market share and market ranking, management skills and succession planning. In addition to the achievement of any pre-determined performance targets or service conditions, awards may also be granted upon the Committee's post-event determination that any eligible participants has performed well and/or made a significant contribution to the Group.

Awards are vested and the shares comprised in the awards are issued at the end of the performance and/or service period once the Committee is, at its sole discretion, satisfied that the prescribed performance targets and/or service conditions have been achieved. The Committee may also grant an award where in its opinion an eligible participant's performance and/or contribution to the Group warrants it.

Eligible participants are not required to pay for the grant of the awards. All taxes (including income tax) arising from the exercise of any awards granted to any eligible participants under the HLN PSP shall be borne by the participants.

The total number of new shares issued or issuable pursuant to awards granted under HLN PSP, when added to the number of new shares issued and issuable in respect of:

(a) all awards granted thereunder;

(b) all options granted under the HLN PSP; and

(c) all shares or awards granted under any other share option or share incentive schemes of the Company then in force,

shall not exceed 15% of the number of issued shares of the Company on the day preceding the relevant date of award.

The total number of new shares issued or issuable under the HLN PSP is subject to the maximum limit of 15% of the Company's total issued share capital from time to time.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

HLN Technologies Limited Performance Share Plan ("HLN PSP") (continued)

In addition, the total number of new shares issued or issuable under the HLN PSP available to:

(a) all controlling shareholders and their associates must not exceed 25% of the shares available under HLN PSP.

(b) each of the controlling shareholders and their associates must not exceed 10% of the shares available under HLN PSP.

No performance share was granted and issued for the financial years ended 31 December 2015 and 2016.

Audit Committee

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2016 before their submission to the Board of Directors.

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Independent auditor

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

On behalf of the directors

Cheong Weixiong, Jeff
Director

Li Anhua
Director

4 April 2017

INDEPENDENT
AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sinjia Land Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 117.

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Valuation of trade and other receivables (Refer to Note 13 to the financial statements) As at 31 December 2016, the Group has trade and other receivables amounting to S$5,961,000, which represents 16% of the Group's total assets. The Group makes allowances for impairment based on the assessment of recoverability of trade receivables when there are events of changes in the circumstances that indicate that the trade receivables may not be collectible. The estimation of allowance for impairment requires the use of estimates such as historical collection pattern, financial position of the customer and the overall economic condition. Where the expectation is different from the original assessment, such differences may impact the carrying value of trade receivables and the allowance for impairment expenses are charged for the financial year.	In obtaining sufficient audit evidence, we have performed the following procedures: • Reviewed and assessed management's basis and assumptions used in the assessment of the recoverability of trade receivables; • Challenged management's view of credit risk and recoverability by taking into consideration historical trends, aging analysis and actual and future expected cash flows for long outstanding trade receivables; and • Assessed the adequacy of impairment related disclosures in the financial statements.
Available-for-sale financial assets (Refer to Note 19 to the financial statements) The valuation of the Group's available-for-sale financial assets was a key area of focus due to the degree of complexity involved in valuing some of the financial assets and the significance of the judgements and estimates made by management. In particular, the determination of Level 3 prices is considerably more subjective given the lack of availability of market-based data. As at 31 December 2016, the Group has equity securities classified as available-for-sale financial assets of $13,881,000, which represents 38% of the Group's total assets, out of which S$10,970,000 are unlisted equity securities and classified as level 3 investments. Management determines the fair value of the level 3 investments using the best information available in the circumstances taking into account all information that is reasonably available.	In obtaining sufficient audit evidence, we have performed the following procedures: • Reviewed and assessed management's basis and assumptions used in the estimation of fair value of the available-for-sale financial assets; • Obtained supporting documents to check the reasonableness of management's basis and assumptions used; • Assessed the adequacy of the related disclosures in the financial statements in relation to the Group's exposure to financial instrument valuation risk.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND 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.

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

INDEPENDENT *AUDITOR'S REPORT*

TO THE MEMBERS OF SINJIA LAND LIMITED

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Low See Lien.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

4 April 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S$'000	2015 S$'000
Continuing operations			
Revenue	4	16,135	15,304
Cost of sales		(10,653)	(10,211)
Gross profit		5,482	5,093
Other income	7	394	310
Other credits	8	228	710
Expenses			
– Distribution and marketing		(1,555)	(1,647)
– Administrative		(4,469)	(5,029)
– Finance	9	(15)	(236)
– Other charges	8	(42)	(226)
Profit/(loss) before tax		23	(1,025)
Income tax expense	10	(624)	(784)
Loss from continuing operations		(601)	(1,809)
Discontinued operations			
Profit/(loss) from discontinued operations	11	41	(1,282)
Total loss		(560)	(3,091)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Fair value (losses)/gains	19	(313)	3,447
Currency translation differences arising from consolidation			
– Losses		(310)	(533)
– Reclassification		157	–
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	28	(45)	6
Other comprehensive (loss)/income, net of tax		(511)	2,920
Total comprehensive loss		(1,071)	(171)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S$'000	2015 S$'000
Loss attributable to:			
Equity holders of the Company		(485)	(2,534)
Non-controlling interests		(75)	(557)
		(560)	(3,091)
(Loss)/profit attributable to equity holders of the Company relates to:			
Loss from continuing operations		(601)	(1,809)
Profit/(loss) from discontinued operations		116	(725)
		(485)	(2,534)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(996)	386
Non-controlling interests		(75)	(557)
		(1,071)	(171)
(Loss)/earnings per share for (loss)/profit from continuing and discontinued operations attributable to equity holders of the Company (cents per share)			
Basic and diluted (loss)/earnings per share			
From continuing operations	12	(0.42)	(1.29)
From discontinued operations	12	0.08	(0.51)

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

BALANCE SHEETS

AS AT 31 DECEMBER 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
ASSETS					
Current assets					
Inventories	13	1,541	1,250	–	–
Trade and other receivables	14	5,961	5,541	6,944	5,433
Other current assets	15	560	768	61	69
Financial assets, at fair value through profit or loss	16	2,051	–	2,051	–
Cash and cash equivalents	17	6,550	10,130	1,167	6,223
		16,663	17,689	10,223	11,725
Assets of disposal groups classified as held-for-sale	18	3,258	3,327	3,207	3,069
		19,921	21,016	13,430	14,794
Non-current assets					
Available-for-sale financial assets	19	13,881	14,194	13,881	14,194
Investment in associated company	20	–	–	–	–
Investments in subsidiary corporations	21	–	–	12,060	11,396
Plant and equipment	22	2,326	2,045	110	223
Assets under construction	23	–	–	–	–
Goodwill	24	758	–	–	–
		16,965	16,239	26,051	25,813
Total assets		36,886	37,255	39,481	40,607
LIABILITIES					
Current liabilities					
Trade and other payables	25	13,357	13,111	11,176	11,517
Current income tax liabilities		192	377	–	–
Borrowings	26	901	284	5,891	5,763
		14,450	13,772	17,067	17,280
Liabilities directly associated with disposal group classified as held-for-sale	18	1,256	1,317	–	–
		15,706	15,089	17,067	17,280

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

BALANCE SHEETS

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Non-current liabilities					
Borrowings	26	303	581	303	581
Retirement benefit obligation	28	244	146	–	–
Deferred income tax liabilities		23	57	–	–
		570	784	303	581
Total liabilities		16,276	15,873	17,370	17,861
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	29	23,147	23,014	23,147	23,014
Treasury shares	29	(2,602)	(2,602)	(2,602)	(2,602)
Accumulated losses		(615)	(85)	(1,568)	(1,113)
Other reserves	30	1,602	2,068	3,134	3,447
		21,532	22,395	22,111	22,746
Non-controlling interests		(922)	(1,013)	–	–
Total equity		20,610	21,382	22,111	22,746
Total equity and liabilities		36,886	37,255	39,481	40,607

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital S$'000	Treasury shares S$'000	(Accumulated losses)/ retained profits* S$'000	Other reserves S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
		← Attributable to equity holders of the Company →						
Group								
2016								
Beginning of financial year		23,014	(2,602)	(85)	2,068	22,395	(1,013)	21,382
Loss for the financial year		–	–	(485)	–	(485)	(75)	(560)
Other comprehensive loss for the financial year		–	–	(45)	(466)	(511)	–	(511)
Total comprehensive loss for the financial year		–	–	(530)	(466)	(996)	(75)	(1,071)
Issue of new shares	29	133	–	–	–	133	–	133
Acquisition of a subsidiary corporation	36(c)	–	–	–	–	–	166	166
Total transactions with owners, recognised directly in equity		133	–	–	–	133	166	299
End of financial year		23,147	(2,602)	(615)	1,602	21,532	(922)	20,610
2015								
Beginning of financial year		23,014	(2,602)	2,443	(846)	22,009	(456)	21,553
Loss for the financial year		–	–	(2,534)	–	(2,534)	(557)	(3,091)
Other comprehensive income for the financial year		–	–	6	2,914	2,920	–	2,920
Total comprehensive loss for the financial year		–	–	(2,528)	2,914	386	(557)	(171)
End of financial year		23,014	(2,602)	(85)	2,068	22,395	(1,013)	21,382

* Retained profits of the Group are distributable

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

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital S$'000	Treasury shares S$'000	(Accumulated losses)/ Retained profits* S$'000	Other reserves S$'000	Total S$'000
Company						
2016						
Beginning of financial year		23,014	(2,602)	(1,113)	3,447	22,746
Loss for the financial year		–	–	(455)	–	(455)
Other comprehensive loss for the financial year		–	–	–	(313)	(313)
Total comprehensive loss for the financial year		–	–	(455)	(313)	(768)
Issue of new shares	29	133	–	–	–	133
End of financial year		23,147	(2,602)	(1,568)	3,134	22,111
2015						
Beginning of financial year		23,014	(2,602)	86	–	20,498
Loss for the financial year		–	–	(1,199)	–	(1,199)
Other comprehensive loss for the financial year		–	–	–	3,447	3,447
Total comprehensive loss for the financial year		–	–	(1,199)	3,447	2,248
End of financial year		23,014	(2,602)	(1,113)	3,447	22,746

* Retained profits of the Company are distributable

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S$'000	2015 S$'000
Cash flows from operating activities			
Total loss			
– From continuing operations		(601)	(1,809)
– From discontinued operations		41	(1,282)
		(560)	(3,091)
Adjustments for:			
– Income tax expense	10	624	784
– Depreciation of plant and equipment		701	961
– (Loss)/gain on disposal of plant and equipment	8	13	(564)
– Plant and equipment written-off		18	11
– Impairment loss on assets of disposal groups classified as held-for-sale	18	–	1,068
– Interest income	7	(394)	(310)
– Finance expenses		67	214
– Loss on disposal of a subsidiary corporation		155	–
– Amortisation of transaction costs	9	–	105
– Unrealised currency translation losses		(250)	(139)
Operating cash flows before working capital changes		374	(961)
Change in working capital net of effects from acquisition and disposal of subsidiary corporations:			
– Inventories		(291)	95
– Trade and other receivables		(326)	1,515
– Other current assets		208	1
– Financial assets, at fair value through profit or loss		(2,051)	–
– Trade and other payables and provisions		226	913
Cash flows (used in)/generated from operations		(1,860)	1,563
Income tax paid		(848)	(663)
Net cash (used in)/provided by operating activities		(2,708)	900
Cash flows from investing activities			
Acquisition of a subsidiary corporation, net of cash acquired	36(b)	(649)	–
Additions to plant and equipment	22	(1,001)	(579)
Additions to assets under construction	23	–	(1,246)
Disposal of a subsidiary corporation, net of cash disposed of	17	(7)	–
Disposal of plant and equipment		–	3,004
Interest received		394	146
Net cash (used in)/provided by investing activities		(1,263)	1,325

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	2016 S$'000	2015 S$'000
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		133	–
Proceeds from borrowings		1,549	1,206
Cash restricted in use		(702)	–
Release of cash restricted in use		32	4,500
Repayment of borrowings		(1,172)	(8,162)
Repayment of lease liabilities		(38)	(47)
Interest paid		(67)	(214)
Net cash used in financing activities		(265)	(2,717)
Net decrease in cash and cash equivalents		(4,236)	(492)
Cash and cash equivalents			
Beginning of financial year		10,133	10,897
Effects of currency translation on cash and cash equivalents		(49)	(272)
End of financial year	17	5,848	10,133

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

1. GENERAL INFORMATION

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

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiary corporations are described in Note 22 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2016

On 1 January 2016, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from these sales is recognised when the Group has delivered the parts to locations specified by its customers and the customers have accepted the parts in accordance with the sales contract.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Collaboration income

Collaboration income is recognised on accrual basis.

2.3 Government grants

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

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

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Plant and equipment

(a) *Measurement*

(i) *Plant and equipment*

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

(ii) *Components of costs*

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

(b) *Depreciation*

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

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

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

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

(c) *Subsequent expenditure*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Plant and equipment (continued)

(d) Disposal

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

2.6 Assets under construction

Assets under construction are power generation systems ("PGS") which comprise of machinery and equipment. Upon completion, these assets will be held for long-term rental yields and/or sale.

Assets under construction are initially recognised at cost and subsequently carried at cost less impairment.

The cost of assets under construction comprise specifically identified costs, including their purchase prices, borrowing costs and other related expenditure. Borrowing costs (Note 2.8) incurred on loans funding assets under construction are also capitalised, on a specific identification basis as part of the cost of the assets under construction until the completion of construction.

2.7 Goodwill

Goodwill on acquisitions

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

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

2.8 Borrowing costs

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

2.9 Investments in subsidiary corporations

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets

(a) *Goodwill*

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (continued)

(b) *Plant and equipment*
Investments in subsidiary corporations (continued)

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

2.11 Financial assets

(a) *Classification*

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

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

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

(ii) *Loans and receivables*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(b) *Recognition and derecognition*

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

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

(c) *Initial measurement*

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

(d) *Subsequent measurement*

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

(e) Impairment

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

(i) Loans and receivables

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

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

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

(ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.11(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Offsetting financial instruments

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

2.13 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiary corporations' borrowings, unless it is probable that the Company will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the banks in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

2.14 Borrowings

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

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

2.15 Trade and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Fair value estimation of financial assets and liabilities

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

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

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

2.17 Leases

When the Group is the lessee:

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

(i) Lessee – Finance leases

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

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

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

(ii) Lessee – Operating leases

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Inventories

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

2.19 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions

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

2.21 Employee compensation

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

(a) *Defined contribution plans*

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

People's Republic of China ("China")

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

(b) *Defined benefit plans*

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

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

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

Past service costs are recognised immediately in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation (continued)

(c) *Profit sharing and bonus plans*

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

(d) *Short-term compensated absences*

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

2.22 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Currency translation (continued)

(c) Translation of Group entities' financial statements

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

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

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

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

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

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Share capital and treasury shares

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

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

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

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

2.26 Dividends to Company's shareholders

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

(a) *Allowance for impairment of trade and other receivables*

Management reviews its trade and other receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. The carrying amount of trade and other receivables at the balance sheet date are disclosed in Note 14.

If the net present value of estimated cash flows had been lower by 5% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been higher by S$218,000 (2015: S$274,000).

(b) *Useful life of plant and machinery*

The cost of plant and machinery are depreciated on a straight-line basis over their estimated useful lives which management estimates to be within 3 to 10 years.

The Group reviews the residual values and useful lives of plant and machinery at each balance sheet date in accordance with the accounting policies in Note 2.5. The estimation of the residual values and useful lives involves significant judgements. The carrying amount of the Group's and of the Company's plant and machinery at balance sheet date are disclosed in Note 22.

If the actual lives of these plant and equipment differ by 1 year from management estimates, the carrying amount of the plant and machinery will increase by S$194,000 (2015: S$93,000) or decrease by S$42,000 (2015: S$115,000).

(c) *Valuation of available-for-sale financial assets*

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

Based on the assessment, management is of the opinion that the carrying amount of available-for-sale financial assets at the balance sheet date is approximate their value.

The carrying amount of the available-for-sale financial assets at the balance sheet date is disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

4. REVENUE

	Group	
	2016	2015
	S$'000	S$'000
Sale of goods	16,134	15,292
Sale of scraps	1	12
	16,135	15,304

5. EXPENSE BY NATURE

	Group	
	2016	2015
	S$'000	S$'000
Fees on audit services paid/payable to:		
– Auditor of the Company	91	90
– Other auditors	88	30
Fees on non-audit services paid/payable to:		
– Auditor of the Company	25	13
– Other auditors	9	97
Changes in inventories	291	(95)
Depreciation of plant and equipment (Note 22)	697	957
Employee compensation (Note 6)	7,419	7,179
Insurance	84	80
Professional fees	322	667
Rental expense on operating leases	954	1,147
Statutory charges	48	49
Telephone	63	72
Travelling	80	160
Upkeep of motor vehicle	180	105
Utilities, power and light	1,083	1,057
Purchase of inventories	3,930	4,038
Outward carriage	125	123
Others	1,188	1,118
Total cost of sales, distribution and marketing and administrative expenses	16,677	16,887

6. EMPLOYEE COMPENSATION

	Group	
	2016	2015
	S$'000	S$'000
Wages and salaries	6,677	6,447
Directors' fees	152	180
Employer's contribution to defined contribution plans including Central Provident Fund	549	477
Employer's contribution to defined benefit plans (Note 28)	41	75
	7,419	7,179

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

7. OTHER INCOME

	Group	
	2016	**2015**
	S$'000	**S$'000**
Interest income		
– Bank deposits	14	22
– Convertible loan	380	288
	394	310

8. OTHER CREDITS AND OTHER (CHARGES)

	Group	
	2016	**2015**
	S$'000	**S$'000**
Collaboration income	–	80
Currency exchange gain/(loss) – net	85	(50)
Forfeiture of deposit[1]	–	(134)
Government grant income	76	39
Write-back of inventories – net (Note 13)	16	10
(Loss)/gain on disposal of plant and equipment	(13)	564
Plant and equipment written off	(5)	(11)
Fair value gains on financial assets designated as fair value through profit or loss at initial recognition	51	–
Allowance for impairment on trade and other receivables (Note 33(b)(ii))	(17)	(31)
Other	(7)	17
	186	484
Presented in consolidated statement of comprehensive income as:		
Other credits	228	710
Other charges	(42)	(226)
	186	484

(1) During the financial year 2015, the Group terminated the lease of factory located in Suzhou, China, and the deposit of S$134,000 was forfeited.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

9. FINANCE EXPENSES

	Group	
	2016	2015
	S$'000	S$'000
Interest expense		
– Finance lease liabilities	10	11
– Bank borrowings	5	120
Amortisation of		
– Bank borrowings transaction costs	–	105
Finance expense recognised in profit or loss	15	236

10. INCOME TAX EXPENSE

	Group	
	2016	2015
	S$'000	S$'000
Tax expense attributable to profit/(loss) is made up of:		
– Loss for the financial year:		
From continuing operations		
Current income tax		
– Foreign	688	608
Deferred income tax	(33)	(99)
	655	509
– (Over)/under provision in prior financial years:		
From continuing operations		
Current income tax		
– Singapore	–	243
– Foreign	(31)	32
	624	784

There is no tax attributable to discontinued operations for financial years ended 31 December 2015 and 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

10. INCOME TAX EXPENSE (CONTINUED)

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

	Group	
	2016 S$'000	2015 S$'000
Profit/(loss) before tax from		
– Continuing operations	23	(1,025)
– Discontinued operations (Note 11(a))	41	(1,282)
Profit/(loss) before tax	64	(2,307)
Tax calculated at tax rate of 17% (2015: 17%)	11	(392)
Effects of:		
– Different tax rate in other countries	160	155
– Expenses not deductible for tax purposes	504	338
– Income not subjected to tax	(577)	(231)
– Tax exemptions	(22)	(21)
– Deferred tax assets unrecognised	537	664
– Others	42	(4)
Tax charge	655	509

The Group has unrecognised tax losses of S$8,460,000 (2015: S$5,370,000) and capital allowances of S$203,000 (2015: S$134,000) at the balance sheet date which can be carried forward and used to offset against future taxable income, subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation.

11. DISCONTINUED OPERATIONS

Due to the restructuring exercise of the Group in financial year 2015, management has decided to dispose its investments in subsidiary corporation and associated company, Sinjia RTE Solutions Pte. Ltd. and Ace Empire Capital Sdn. Bhd. respectively.

On 30 November 2016, the Group has deconsolidated its equity interests in HLN Technologies Sdn. Bhd. as the latter has filed and obtained de-registration from the relevant authorities in its country of incorporation as it has been dormant since 2013.

The entire result of Sinjia RTE Solutions Pte. Ltd., Ace Empire Capital Sdn. Bhd. and HLN Technologies Sdn. Bhd. are presented separately in the consolidated statement of comprehensive income as "Discontinued Operations".

The entire assets and liabilities related to Sinjia RTE Solutions Pte. Ltd. and the carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd. are classified as "Disposal group classified as held-for-sale" (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

11. DISCONTINUED OPERATIONS (CONTINUED)

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

	Group	
	2016 S$'000	2015 S$'000
Revenue	–	–
Other credits	892	4
Expenses	(851)	(1,286)
Profit/(loss) before and after tax from discontinued operations (Note 10)	41	(1,282)

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

	Group	
	2016 S$'000	2015 S$'000
Operating cash outflows	(5)	(904)
Investing cash inflows	13	1,142
Financing cash outflows	(52)	(271)
Total cash outflows	(44)	(33)

12. (LOSS)/EARNINGS PER SHARE

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

	Group		
	Continuing operations	Discontinued operations	Total
2016			
(Loss)/profit attributable to the equity holders of the Company (S$'000)	(601)	116	(485)
Weighted average number of ordinary shares ('000)	141,008	141,008	141,008
Basic and diluted (loss)/earnings per share (cents per share)	(0.42)	0.08	(0.34)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

12. (LOSS)/EARNINGS PER SHARE (CONTINUED)

	Group		
	Continuing operations	Discontinued operations	Total
2015			
Loss attributable to the equity holders of the Company (S$'000)	(1,809)	(725)	(2,534)
Weighted average number of ordinary shares ('000)	140,660	140,660	140,660
Basic and diluted loss per share (cents per share)	(1.29)	(0.51)	(1.80)

There were no dilutive potential ordinary shares in respect of performance shares during the financial years ended 31 December 2015 and 2016.

13. INVENTORIES

	Group	
	2016 S$'000	2015 S$'000
Raw materials and consumables	749	583
Work-in-progress	361	356
Finished goods	431	311
	1,541	1,250

The cost of inventories recognised as an expense and included in "Cost of sales" amounted to S$10,653,000 (2015: S$10,211,000).

During the financial year ended 31 December 2016, the Group recognised a write-down in inventories of S$32,000 (2015: S$54,000), which was included within "Other credits and other (charges)" in the statement of comprehensive income. The write-down was recognised for inventories which were considered obsolete.

During the financial year ended 31 December 2016, S$48,000 (2015: S$64,000) of a previous inventory write-down in prior financial years was reversed. The Group has sold the goods that were written down and the amount reversed was included in "Other credits and other (charges)".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade receivables				
– Non-related parties	4,209	3,815	(11)	(50)
Less: Allowance for impairment of receivables – non-related parties (Note 33(b)(ii))	(55)	(37)	–	–
Trade receivables – net	4,154	3,778	(11)	(50)
Other receivables				
– Loan to subsidiary corporations[a]	–	–	1,811	1,826
Amount due from subsidiary corporations[a]	–	–	4,472	3,164
Convertible loan[b]	1,000	1,000	1,000	1,000
Accrued interest receivables	544	164	544	164
Staff loans and receivables[a]	263	599	28	229
	1,807	1,763	7,855	6,383
Less: Allowance for impairment of other receivables – subsidiary corporation (Note 33(b)(ii))	–	–	(900)	(900)
Other receivables – net	1,807	1,763	6,955	5,483
	5,961	5,541	6,944	5,433

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

(b) On 8 July 2014, the Company entered into convertible loan agreement with Barons Vista LLC ("Barons"), an unlisted company incorporated in United States of America, to subscribe for a 1 year convertible loan note of a principal amount of S$2,000,000 ("Investment sum"). The convertible loan carries an interest rate of 18% per annum and is secured by corporate guarantee from a related corporation and personal guarantee from a shareholder of Barons group of companies.

Under the terms of the convertible loan agreement, the Company shall have the option to convert this loan into new ordinary shares of Barons. The number of conversion shares to be allotted and issued by Barons upon the exercise of the option shall be based on and be in proportion to the sum of the balance amount of investment sum, with the Company being entitled to convert the balance amount of S$1,000,000 into such number of conversion shares representing 20% of the enlarged share capital of Barons.

At the date of this report, S$1,000,000 of this has been collected.

In accordance with FRS39, Financial Instrument: Recognition and Measurement, the Company has assessed and determined that the equity conversion feature in the convertible loan as an embedded derivative since the economic characteristic and risks are not closely related to the loan.

Management has, taking into consideration the short tenure and high interest rate of convertible loan, assessed the fair value of the derivative to be inconsequential.

As Barons has not redeemed the convertible loan note on the maturity date, interest was accrued based on the unpaid amount at the default interest rate of 38% which is in accordance with the agreement.

Barons has provided collateral on an unencumbered land and hotel in the United States of America in which the Company can enforce its rights through a foreclosure.

15. OTHER CURRENT ASSETS

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Deposits	405	349	27	44
Prepayments	155	253	34	25
Advance payment to suppliers	–	166	–	–
	560	768	61	69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

During the financial year ended 31 December 2016, the Group and Company had subscribed for redeemable participating shares in an investment fund named Fortune Asia Long Short Fund (the "Fund").

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

As at 31 December 2016, the fair value of the Fund is valued at S$2,051,000 (2015: S$NIL).

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Cash at bank and on hand	6,550	10,130	1,167	6,223

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2016	2015
	S$'000	S$'000
Cash and bank balances (as above)	6,550	10,130
Cash held by assets of disposal groups classified as held-for-sale (Note 18)	–	35
Less: Bank deposits pledged	(702)	(32)
Cash and cash equivalents per consolidated statement of cash flows	5,848	10,133

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

17. CASH AND CASH EQUIVALENTS (CONTINUED)

Acquisition and disposal of subsidiary corporation

Please refer to Note 36 for the effects of acquisition of subsidiary corporation on the cash flows of the Group.

On 30 November 2016, the Group has deconsolidated its equity interests in HLN Technologies Sdn. Bhd. as the subsidiary corporation has filed and obtained de-registration from the relevant authorities in its country of incorporation. The effects of the deconsolidation on the cash flows of the Group were:

	Group
	2016
	S$'000
Carrying amounts of assets and liabilities disposed of	
Cash and cash equivalents	10
Total assets	10
Trade and other payables	(10)
Borrowings	(2)
Total liabilities	(12)
Net liabilities disposed of	(2)
The aggregate cash inflows arising from the disposal of HLN Technologies Sdn. Bhd. were:	
Net liabilities disposed of (as above)	(2)
– Reclassification of currency translation reserve (Note 30(b)(i))	157
	155
Loss on disposal	(155)
Cash proceeds from disposal	-
Less: Cash and cash equivalents in subsidiary corporation disposed of	(7)
Net cash outflow on disposal	(7)

18. DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE

As described in Note 11, the entire assets and liabilities related to Sinjia RTE Solutions Pte. Ltd. and carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd. are classified as disposal groups held-for-sale on the balance sheet.

As at 31 December 2016, the Company has yet to complete its disposals of the investment in subsidiary corporation and associated company, Sinjia RTE Solutions Pte. Ltd. and Ace Empire Capital Sdn. Bhd. respectively.

Management is of the view that the delay in the completion of the disposals are caused by events and circumstances beyond the Company's control. At this point, the management remains committed to proceed with the completion of the disposals as soon as possible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

18. DISPOSAL GROUPS CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

Ace Empire Capital Sdn. Bhd.

Management has assessed and deemed that the purchaser remains committed to the purchase. The only outstanding matter is the mode of settlement for the transaction. As such, management expects this to be completed in the near future.

Sinjia RTE Solutions Pte. Ltd.

Management is of the view that with the significant time and efforts already invested by the prospective buyer, it is very likely that the prospective buyer remains committed to this transaction. Furthermore, it is management's understanding that an investment proposal will be presented to the Company upon completion of the due diligence.

As such, the entire assets and liabilities related to Sinjia RTE Solutions Pte. Ltd. and carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd. remain as "Disposal groups held-for-sale" on the balance sheet.

		Group	
		2016	2015
		S$'000	S$'000
(a)	Details of the assets of disposal groups classified as held-for-sale are as follows:		
	Trade and other receivables	1,872	1,864
	Other current assets	9	9
	Cash and cash equivalents (Note 17)	–	35
	Plant and equipment (Note 22)	1	5
	Asset under construction (Note 23)	2,469	2,482
	Less: Impairment loss on trade receivables	(1,093)	(1,068)
		3,258	3,327
(b)	Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:		
	Trade and other payables	1,256	1,317

		Company	
		2016	2015
		S$'000	S$'000
(c)	Details of the assets in disposal groups classified as held-for-sale are as follows:		
	Trade and other receivables	4,067	3,929
	Investment in associated company (Note 20)	60	60
	Investment in subsidiary corporation (Note 21)	148	148
	Less: Impairment loss on other receivables	(1,068)	(1,068)
		3,207	3,069

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2016	**2015**
	S$'000	**S$'000**
Beginning of financial year	14,194	7,460
Additions	–	3,287
Fair value gains (Note 30(b)(ii))	(313)	3,447
End of financial year	13,881	14,194

Available-for-sale financial assets are analysed as follows:-

	Group and Company	
	2016	**2015**
	S$'000	**S$'000**
Unlisted security		
– Equity security – Tianjin Swan Lake Real Estate Development Co., Limited ("TJSL")[a]	10,907	10,907
Listed security		
– Equity security – Singapore[b]	2,974	3,287
	13,881	14,194

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

20. INVESTMENT IN ASSOCIATED COMPANY

	Company	
	2016 S$'000	2015 S$'000
Equity investment at cost		
Beginning of financial year	–	60
Less: Reclassified to assets of disposal groups held-for-sale (Note 18)	–	(60)
End of financial year	–	–

In line with the restructuring exercise of the Group in the financial year 2015 (Note 11), the management has classified the investment in associated company to "Disposal groups classified as held-for-sale" (Note 18).

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

			Equity holding	
Name of entity	Principal activities	Country of business/ incorporation	2016 %	2015 %
Ace Empire Capital Sdn Bhd	Property developer	Malaysia	30.00	30.00

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2016 S$'000	2015 S$'000
Equity investments at cost		
Beginning of financial year	15,396	15,408
Additions	664	–
Reclassified to assets of disposal groups held-for-sale	–	*
Disposal	–	(12)
End of financial year	16,060	15,396
Allowance for impairment		
Beginning and end of financial year	(4,000)	(4,000)
Carrying amount		
End of financial year	12,060	11,396
Loan to subsidiary corporation[a]	–	–

[a] As at 31 December 2015, loan to subsidiary corporation amounting to S$148,000 was reclassified to "Disposal groups classified as held-for-sale" (Note 18). The amount is unsecured, interest free and repayable on 13 April 2017.

* Less than S$1,000

The Group had the following subsidiary corporations as at 31 December 2016 and 2015:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
HLN Rubber Products Pte. Ltd.[a]	Precision elastomeric moulding of rubber components	Singapore	100	100	100	100	–	–
Sinjia Properties Pte. Ltd.[a]	Precision polymeric die-cutting of foams and other materials	Singapore	100	100	100	100	–	–
HLN Micron Pte. Ltd.[a]	Investment holding company	Singapore	100	100	100	100	–	–
G4 Station Pte. Ltd.[e]	Lodging and boardings houses and backpackers hostel	Singapore	80	–	80	–	20	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

21. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

The Group had the following subsidiary corporations as at 31 December 2016 and 2015: (continued)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
PT HLN Batam[b] (Jamaludin, Aria, Sukimto & Reka)	Precision elastomeric moulding of rubber components	Indonesia	100	100	100	100	–	–
HLN (Suzhou) Rubber Products Co., Ltd.[c] (Shanghai Nexia TS Certified Public Accountants)	Precision elastomeric moulding of rubber components	China	100	100	100	100	–	–
HLN Rubber Industries Sdn. Bhd.[b] (SQ Morison)	Precision elastomeric moulding of rubber components	Malaysia	100	100	100	100	–	–
HLN Technologies Sdn. Bhd.[d]*	Dormant	Malaysia	–	100	–	100	–	–
Sinjia RTE Solutions Pte. Ltd.[a]*	Procuring, assembling and installing fuel cell systems for generation of electricity and production of synthetic diesel	Singapore	51	51	51	51	49	49

[a] Audited by Nexia TS Public Accounting Corporation, Singapore.
[b] Audited by firms of accountants other than member firms of Nexia International of which Nexia TS is a member. Their names are indicated as above.
[c] Audited by member firms of Nexia International. Their names are indicated as above.
[d] Reviewed for consolidation purposes as the subsidiary corporation has been liquidated on 30 November 2016.
[e] Reviewed for consolidation purposes as the subsidiary corporation was acquired on 7 October 2016.

* Classified as discontinued operations (Note 11) and disposal groups held-for-sale (Note 18).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. PLANT AND EQUIPMENT

	Leasehold improvements S$'000	Motor vehicles S$'000	Plant and equipment S$'000	Total S$'000
Group				
2016				
Cost				
Beginning of financial year	1,582	489	6,092	8,163
Currency translation differences	(21)	*	(47)	(68)
Acquisition of a subsidiary corporation (Note 36(c))	–	–	2	2
Additions	635	122	244	1,001
Disposals	(84)	–	(1,492)	(1,576)
End of financial year	2,112	611	4,799	7,522
Accumulated depreciation and impairment				
Beginning of financial year	1,200	478	4,440	6,118
Currency translation differences	(24)	*	(37)	(61)
Depreciation charge (Note 5)	27	29	641	697
Disposals	(83)	–	(1,475)	(1,558)
End of financial year	1,120	507	3,569	5,196
Net book value				
End of financial year	992	104	1,230	2,326
2015				
Cost				
Beginning of financial year	1,663	662	8,461	10,786
Currency translation differences	(37)	(2)	(577)	(616)
Additions	177	–	402	579
Disposals	(221)	(171)	(2,182)	(2,574)
Reclassified to disposal groups held-for-sale (Note 18)	–	–	(12)	(12)
End of financial year	1,582	489	6,092	8,163
Accumulated depreciation and impairment				
Beginning of financial year	1,112	348	6,639	8,099
Currency translation differences	(19)	(1)	(454)	(474)
Depreciation charge				
– Continuing operations (Note 5)	310	132	515	957
– Discontinued operations	–	–	4	4
Disposals	(203)	(1)	(2,257)	(2,461)
Reclassified to disposal groups held-for-sale (Note 18)	–	–	(7)	(7)
End of financial year	1,200	478	4,440	6,118
Net book value				
End of financial year	382	11	1,652	2,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

22. PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements S$'000	Motor vehicles S$'000	Plant and equipment S$'000	Total S$'000
Company				
2016				
Cost				
Beginning of financial year	83	388	122	593
Additions	–	–	12	12
Disposal	(83)	–	(73)	(156)
End of financial year	–	388	61	449
Accumulated depreciation and impairment				
Beginning of financial year	68	221	81	370
Depreciation charge	15	77	20	112
Disposal	(83)	–	(60)	(143)
End of financial year	–	298	41	339
Net book value				
End of financial year	–	90	20	110
2015				
Cost				
Beginning of financial year	83	388	489	960
Additions	–	–	22	22
Disposal	–	–	(389)	(389)
End of financial year	83	388	122	593
Accumulated depreciation and impairment				
Beginning of financial year	24	143	452	619
Depreciation charge	44	78	17	139
Disposal	–	–	(388)	(388)
End of financial year	68	221	81	370
Net book value				
End of financial year	15	167	41	223

The carrying amounts of motor vehicles held under finance leases of the Group and the Company are S$90,000 (2015: S$172,000) and S$90,000 (2015: S$167,000) respectively at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

23. ASSETS UNDER CONSTRUCTION

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Power generation system				
Beginning of the year	–	5,960	–	2,338
Additions	–	1,246	–	–
Reversal[a]	–	(2,386)	–	–
Reclassified to disposal groups held-for-sale (Note 18)	–	(2,482)	–	–
Disposal[b]	–	(2,338)	–	(2,338)
End of the year	–	–	–	–

(a) In the financial year 2015, a major supplier for the construction of Fuel Cell Power System requested to cancel a purchase order amounting to S$2,386,000 and accordingly, the amount was reversed from the assets under construction. Further, the Group decided to discontinue the construction of the Fuel Cell Power System and planned to dispose it off. Hence, the balance of S$2,482,000 was reclassified to "Disposal groups classified as held-for-sale" (Note 18).

(b) The diesel power generation system with a total nameplate capacity of 6MW of S$2,338,000 was sold to Tembusu Industries Pte. Ltd. and the gain on disposal of the asset was recognised in "Other credits and other (charges)" in the financial year ended 2015.

24. GOODWILL

	Group	
	2016 S$'000	2015 S$'000
Goodwill arising on consolidation		
Cost		
Beginning of financial year	–	–
Acquisition of subsidiary corporation (Note 36(c))	758	–
End of financial year	758	–

The goodwill of S$758,000 is allocated to the hospitality management segment where the operations are held in Singapore.

The acquisition of the subsidiary corporation was completed during the financial year. The goodwill relating to this acquisition is provisional as the fair value of the identifiable assets are provisionally determined (Note 36(c)). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed. Furthermore, the management is of the view that there are no internal and external triggering events that warrant an impairment assessment.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade payables				
– Non-related parties	1,285	946	–	–
Accruals for operating expenses	1,057	972	368	419
Other payables				
– Non-related parties[(a)]	11,015	11,193	10,799	11,098
– Subsidiary corporations[(b)]	–	–	9	–
	13,357	13,111	11,176	11,517

(a) Out of the total of non-related parties other payables, S$10,907,000 was partial consideration received from the prospective buyer in connection with the disposal of available-for-sale financial assets of investment in equity security of Tianjin Swan Lake Real Estate Development Co., Limited (Note 19).

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

26. BORROWINGS

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Current				
Loan from subsidiary corporation	–	–	5,614	5,480
Bank borrowings	866	246	242	246
Finance lease liabilities (Note 27)	35	38	35	37
	901	284	5,891	5,763
Non-current				
Bank borrowings	82	325	82	325
Finance lease liabilities (Note 27)	221	256	221	256
	303	581	303	581
Total borrowings	1,204	865	6,194	6,344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

26. BORROWINGS (CONTINUED)

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
6 months or less	769	130	145	130
6 – 12 months	132	154	5,746	5,633
1 – 5 years	247	486	247	486
Over 5 years	56	95	56	95
	1,204	865	6,194	6,344

(a) Security granted

Total borrowings include secured liabilities of S$880,000 (2015: S$293,000) and S$256,000 (2015: S$293,000) for the Group and the Company respectively. Bank borrowings of the Group are secured over certain bank deposits (Note 17). Finance lease liabilities of the Group and the Company are effectively secured over the leased motor vehicles (Note 22), as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the finance lease liabilities.

(b) Fair values of non-current borrowings

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

27. FINANCE LEASE LIABILITIES

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Minimum lease payments due				
– Not later than one year	42	46	42	46
– Between one and five years	184	184	184	184
– Later than five years	58	100	58	100
	284	330	284	330
Less: Future finance charges	(28)	(36)	(28)	(37)
Present value of finance lease liabilities	256	294	256	293

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

27. FINANCE LEASE LIABILITIES (CONTINUED)

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Not later than one year (Note 26)	35	38	35	37
Later than one year (Note 26)				
– Between one and five years	165	160	165	160
– Later than five years	56	96	56	96
	221	256	221	256
Total	256	294	256	293

28. RETIREMENT BENEFIT OBLIGATION

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

	Group	
	2016 S$'000	2015 S$'000
Post-employment benefit		
Obligations recognised in the balance sheet for:		
Defined pension benefits	244	146
Expenses charged to profit or loss:		
Defined pension benefits (Note 6)	41	75
Present value of unfunded obligations/liabilities recognised in the balance sheet	244	146

The amount recognised in the balance sheet is determined as follows:

	Group	
	2016 S$'000	2015 S$'000
Present value of unfunded obligations/liabilities recognised in the balance sheet	244	146

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

The movement in the defined benefit obligation is as follows:

	Group	
	2016 Present value of obligation S$'000	2015 Present value of obligation S$'000
Beginning of financial year	146	82
Current service cost	27	65
Interest expense	14	10
Benefits paid during the year	–	(2)
Re-measurement:		
– Experience losses	17	4
– Gains from change in financial assumptions	28	(10)
	45	(6)
Currency translation differences	12	(3)
End of financial year	244	146

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

	Group	
	2016	2015
Discount rate	8.00%	9.00%
Salary growth rate	10%	10%
Mortality rate	TMI * 2011	TMI * 2011
Disability rate	10% of TMI *2011	10% of TMI *2011
Withdrawal rate	1.2 up to 6%	1.2 up to 6%

* Indonesia Mortality Table (TMI)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

28. RETIREMENT BENEFIT OBLIGATION (CONTINUED)

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

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

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

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

29. SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Issued share capital S$'000	Treasury shares S$'000
Group and Company				
2016				
Beginning of financial year	155,638	(14,978)	23,014	(2,602)
Issue of new shares	1,413	–	133	–
End of financial year	157,051	(14,978)	23,147	(2,602)
2015				
Beginning and end of financial year	155,638	(14,978)	23,014	(2,602)

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

30. OTHER RESERVES

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
(a) Composition:				
Currency translation reserve	(1,578)	(1,425)	–	–
Fair value reserve	3,134	3,447	3,134	3,447
Statutory reserve	46	46	–	–
	1,602	2,068	3,134	3,447
(b) Movements:				
(i) Currency translation reserve				
Beginning of financial year	(1,425)	(892)	–	–
Reclassification on disposal of a subsidiary corporation (Note 17)	157	–	–	–
Net currency translation difference of financial statements of foreign subsidiary corporations	(310)	(533)	–	–
End of financial year	(1,578)	(1,425)	–	–
(ii) Fair value reserve				
Beginning of financial year	3,447	–	3,447	–
Available-for-sale financial assets – Fair value (losses)/gains (Note 19)	(313)	3,447	(313)	3,447
End of financial year	3,134	3,447	3,134	3,447
(iii) Statutory reserve				
Beginning and end of financial year	46	46	–	–

According to the relevant regulations in the People's Republic of China ("PRC"), the subsidiary corporations in the PRC are required to transfer 10% of their profit after tax to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer of this reserve must be made before the distribution of dividends to shareholders. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion of the existing interests of owners, provided that the balance after conversion is not less than 25% of the registered capital.

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

31. CONTINGENT LIABILITIES

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

Group

Corporate guarantee

A subsidiary corporation in Singapore has issued corporate guarantee on the bank borrowing for a subsidiary corporation in China. The bank borrowing amounted to S$624,000 (2015: S$NIL) at the balance sheet date.

The Company has evaluated the fair value of the corporate guarantee is not material and is of the view that the consequential liabilities derived from its guarantee to the bank with regard to the subsidiary corporation is minimal. The subsidiary corporation for which the guarantee was provided is in favourable equity position, with no default in the payment of borrowing and credit facilities.

Company

Financial support

The Company has undertaken to provide financial support for subsidiary corporations in the Group with a total capital deficiency of S$3,330,000 as at the financial year end, so as to enable the subsidiary corporations to meet its obligation as and when they fall due.

32. COMMITMENTS

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

The Group and the Company lease office space and warehouses from non-related parties under non-cancellable lease agreements.

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Not later than one year	931	628	–	130
Between one and five years	1,550	1,335	–	32
Later than five years	1,075	1,385	–	–
	3,556	3,348	–	162

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

32. COMMITMENTS (CONTINUED)

(b) Capital commitment

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Plant and equipment	–	465	–	–

33. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Renminbi ("RMB"), Indonesia Rupiah ("IDR") and Malaysia Ringgit ("MYR"). In addition, the Group is exposed to currency translation risk on the net assets in the foreign operations in China, Indonesia and Malaysia.

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	USD S$'000	RMB S$'000	IDR S$'000	MYR S$'000	Other S$'000	Total S$'000
At 31 December 2016							
Financial assets							
Trade and other receivables	1,811	876	1,223	192	1,826	33	5,961
Other current assets	241	–	–	2	162	–	405
Financial assets, at fair value through profit or loss	2,051	–	–	–	–	–	2,051
Cash and cash equivalents	898	1,607	804	590	2,553	98	6,550
Available-for-sale financial assets	13,881	–	–	–	–	–	13,881
Receivables from subsidiary corporations	14,021	2,362	–	–	–	–	16,383
	32,903	4,845	2,027	784	4,541	131	45,231
Financial liabilities							
Trade and other payables	(4,178)	(151)	(7,965)	(253)	(810)	–	(13,357)
Borrowings	(580)	–	(624)	–	–	–	(1,204)
Payables to subsidiary corporations	(14,021)	(2,362)	–	–	–	–	(16,383)
	(18,779)	(2,513)	(8,589)	(253)	(810)	–	(30,944)
Net financial assets/ (liabilities)	14,124	2,332	(6,562)	531	3,731	131	14,287
Add: Net non-financial assets	2,366	–	1,498	817	1,642	–	6,323
Net assets/(liabilities)	16,490	2,332	(5,064)	1,348	5,373	131	20,610
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	144	2,332	(6,569)	–	26	131	(3,936)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) *Market risk (continued)*

(i) *Currency risk (continued)*

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

	SGD S$'000	USD S$'000	RMB S$'000	IDR S$'000	MYR S$'000	Other S$'000	Total S$'000
At 31 December 2015							
Financial assets							
Trade and other receivables	1,663	1,001	793	180	1,854	50	5,541
Other current assets	188	–	–	–	161	–	349
Cash and cash equivalents	3,954	2,200	2,220	114	1,480	162	10,130
Available-for-sale financial assets	14,194	–	–	–	–	–	14,194
Receivables from subsidiary corporations	10,968	1,468	–	–	–	–	12,436
	30,967	4,669	3,013	294	3,495	212	42,650
Financial liabilities							
Trade and other payables	(3,984)	(169)	(8,027)	(343)	(588)	–	(13,111)
Borrowings	(865)	–	–	–	–	–	(865)
Payables to subsidiary corporations	(10,968)	(1,468)	–	–	–	–	(12,436)
	(15,817)	(1,637)	(8,027)	(343)	(588)	–	(26,412)
Net financial assets/ (liabilities)	15,150	3,032	(5,014)	(49)	2,907	212	16,238
Add: Net non-financial assets	2,362	–	612	1,025	1,145	–	5,144
Net assets/(liabilities)	17,512	3,032	(4,402)	976	4,052	212	21,382
Currency exposure of financial assets/ (liabilities) net of those denominated in the respective entities' functional currencies	568	3,032	(5,634)	–	–	212	(1,822)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	RMB S$'000	MYR S$'000	USD S$'000	Total S$'000
At 31 December 2016					
Financial assets					
Trade and other receivables	6,916	–	28	–	6,944
Other current assets	27	–	–	–	27
Financial assets, at fair value through profit or loss	2,051	–	–	–	2,051
Cash and cash equivalents	361	720	–	86	1,167
Available-for-sale financial assets	13,881	–	–	–	13,881
	23,236	720	28	86	24,070
Financial liabilities					
Trade and other payables	(3,884)	(7,289)	(2)	(1)	(11,176)
Borrowings	(6,194)	–	–	–	(6,194)
	(10,078)	(7,289)	(2)	(1)	(17,370)
Net financial assets/(liabilities)	13,158	(6,569)	26	85	6,700
Add: Non-financial assets	14,637	–	774	–	15,411
Net assets/(liabilities)	27,795	(6,569)	800	85	22,111
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(6,569)	26	85	(6,458)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

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

	SGD S$'000	RMB S$'000	MYR S$'000	USD S$'000	Total S$'000
At 31 December 2015					
Financial assets					
Trade and other receivables	5,405	–	28	–	5,433
Other current assets	44	–	–	–	44
Cash and cash equivalents	3,183	1,987	–	1,053	6,223
Available-for-sale financial assets	14,194	–	–	–	14,194
	22,826	1,987	28	1,053	25,894
Financial liabilities					
Trade and other payables	(3,896)	(7,621)	–	–	(11,517)
Borrowings	(6,344)	–	–	–	(6,344)
	(10,240)	(7,621)	–	–	(17,861)
Net financial assets/(liabilities)	12,586	(5,634)	28	1,053	8,033
Add: Non-financial assets	14,713	–	–	–	14,713
Net assets/(liabilities)	27,299	(5,634)	28	1,053	22,746
Currency exposure of financial (liabilities)/assets net of those denominated in the Company's functional currency	–	(5,634)	28	1,053	(4,553)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD change against SGD by 3% (2015: 5%), RMB and IDR change against the SGD by 2% (2015: 5%) and MYR change against the SGD by 2% (2015: 10%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease)			
	2016		2015	
	Loss after tax S$'000	Other Comprehensive Income S$'000	Loss after tax S$'000	Other Comprehensive Income S$'000
Group				
USD against SGD				
– strengthened	58	–	126	–
– weakened	(58)	–	(126)	–
RMB against SGD				
– strengthened	(109)	24	(233)	51
– weakened	109	(24)	233	(51)
MYR against SGD				
– strengthened	*	97	–	336
– weakened	*	(97)	–	(336)
IDR against SGD				
– strengthened	–	(64)	–	41
– weakened	–	64	–	(41)
Company				
USD against SGD				
– strengthened	2	–	44	–
– weakened	(2)	–	(44)	–
RMB against SGD				
– strengthened	(109)	–	(233)	–
– weakened	109	–	233	–
MYR against SGD				
– strengthened	*	–	*	–
– weakened	*	–	*	–

* Less than S$1,000

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the balance sheets as available-for-sale. These securities are listed in Singapore.

If prices for equity securities listed in Singapore had changed by 15% (2015: 15%) with all other variables including tax rate being held constant, the effect on loss after tax and other comprehensive income would have been higher/lower by S$255,000 (2015: S$NIL) and S$370,000 (2015: S$409,000) respectively.

The unquoted investments held by the Group and the Company which are classified on the balance sheets as available-for-sale financial assets are carried at cost less impairment losses. As these financial assets are not quoted on any active market, the management is of the opinion that these investments are not exposed to equity price risk.

(iii) Cash flow and fair value interest rate risk

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

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

The Group's and Company's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had increased/decreased by 1% (2015: 1%) with all other variables including tax rates being held constant, the loss after tax for the year would have been higher/lower by S$10,000 (2015: S$7,000) and S$51,000 (2015: S$53,000) respectively as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Credit risk (continued)*

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

	Group	
	2016	**2015**
	S$'000	**S$'000**
Corporate guarantee provided to bank on subsidiary corporation's loans	624	–

The trade receivables of the Group comprise 5 (2015: 6) debtors that individually represented 5 – 10% of trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Singapore	953	1,069
China	1,160	730
Malaysia	1,745	1,672
Indonesia	296	307
	4,154	3,778

(i) *Financial assets that are neither past due nor impaired*

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

The Group's and Company's trade and other receivables that are not past due amount to S$1,597,000 (2015: S$92,000) and S$152,000 (2015: S$295,000) respectively.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade and other receivables from related parties and subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The age analysis of trade and other receivables past due but not impaired is as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Past due less than 3 months	2,457	2,102	311	867
Past due 3 to 6 months	410	3,070	621	1,115
Past due over 6 months	1,497	66	5,860	3,156
	4,364	5,238	6,792	5,138

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Past due over 6 months	55	248	900	900
Less: Allowance for impairment (Note 14)	(55)	(37)	(900)	(900)
	–	211	–	–
Beginning of financial year	37	10	900	900
Currency translation difference	1	(4)	–	–
Allowance made (Note 8)	17	31	–	–
End of financial year (Note 14)	55	37	900	900

An allowance for impairment for trade and other receivables has been made to the profit or loss, as management determined the recoverability is low and payments are not forth coming.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities (Note 26). At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) *Liquidity risk (continued)*

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

	Less than 1 year S$'000	Between 2 to 5 years S$'000	Over 5 years S$'000
Group			
At 31 December 2016			
Trade and other payables	13,357	–	–
Borrowings	901	268	58
Financial guarantee contracts	624	–	–
At 31 December 2015			
Trade and other payables	13,111	–	–
Borrowings	284	525	100
Company			
At 31 December 2016			
Trade and other payables	11,176	–	–
Borrowings	5,891	268	58
At 31 December 2015			
Trade and other payables	11,517	–	–
Borrowings	5,763	525	100

(d) *Capital risk*

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

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 100% (2015: 100%). The Group's and the Company's strategies, which were unchanged from 2011, are to maintain gearing ratios within 100%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (continued)

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

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Net debt	8,011	3,846	16,203	11,638
Total equity	20,610	21,382	22,111	22,746
Total capital	28,621	25,228	38,314	34,384
Gearing ratio	28%	15%	42%	34%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2016.

(e) Fair value measurements

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

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

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

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

Group and Company	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
2016				
Assets				
Financial assets, at fair value through profit or loss	–	–	2,051	2,051
Available-for-sale financial assets	2,974	–	10,907	13,881
	2,974	–	12,958	15,932
2015				
Assets				
Available-for-sale financial assets	3,287	–	10,907	14,194

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) *Fair value measurements (continued)*

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

The unlisted securities of available-for-sale financial assets are carried at cost less impairment losses. The management is of the opinion that these financial assets are not exposed to financial risk arising from fair value measurements.

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

(f) *Financial instruments by category*

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

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Loans and receivables	12,916	16,020	8,138	11,700
Financial liabilities at amortised cost	14,561	13,976	17,370	17,861

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

34. RELATED PARTY TRANSACTIONS

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

(a) Sales and purchases of goods and services

	Group	
	2016 S$'000	2015 S$'000
Sale of goods to an entity related by common shareholder	–	13

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel and their close family members.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Wages and salaries	1,488	1,591	632	678
Employer's contribution to defined contribution plans, including Central Provident Fund	85	77	30	30
Directors' fees	152	180	152	180
	1,725	1,848	814	888
Analysed as:				
Directors of the Company	687	696	687	696
Other key management personnel	1,038	1,152	127	192
	1,725	1,848	814	888

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Board of Directors and the heads of each business within each primary geographic segment.

The Exco considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the four primary geographic areas namely, Singapore, China, Indonesia and Malaysia.

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into controlling business units ("CBU") based on their products and services. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

(1) The *Office Automation* ("OA") segment manufactures and distributes polymeric components, polymeric die-cutting services and precision turned parts for the office automation end products including printers, copiers, electronic devices, computers, note books and peripheral accessories.

(2) The *Lifestyle Products* ("LP") segment manufactures and distributes compound rubber and precision molded rubber parts and components for the consumer and lifestyle products including household electrical appliances, consumer electronic devices, vibration control components and peripheral accessories.

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

(4) The *Corporate* ("IH") segment is involved in Group level corporate services, treasury functions and investments.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. SEGMENT INFORMATION (CONTINUED)

Except from the above, no operating segments have been aggregated to form the above reportable operating segment.

	OA S$'000	LP S$'000	HM S$'000	IH S$'000	Group S$'000
2016					
Sales					
Total sales segment	–	19,886	118	–	20,004
Inter-segment sales	–	(3,869)	–	–	(3,869)
Sales to external parties	–	16,017	118	–	16,135
Adjusted EBITDA	103	1,025	(22)	(557)	549
Depreciation	–	(585)	–	(112)	(697)
ORBIT	103	440	(22)	(669)	(148)
Finance costs	–	(2)	–	(13)	(15)
Other items	–	10	2	174	186
Profit before tax from operations					23
Income tax expense					(624)
Loss from continuing operations					(601)
Profit from discontinued operations					41
					(560)
Segment assets	1	8,607	834	17,636	27,078
Segment assets includes:					
Additions to plant and machinery	–	988	–	70	1,058
Segment liabilities	(5)	(2,411)	(17)	(11,168)	(13,601)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. SEGMENT INFORMATION (CONTINUED)

	OA S$'000	LP S$'000	IH S$'000	Group S$'000
2015				
Sales				
Total sales segment	–	18,137	–	18,137
Inter-segment sales	–	(2,833)	–	(2,833)
Sales to external parties	–	15,304	–	15,304
Adjusted EBITDA	97	(112)	(301)	(316)
Depreciation	(71)	(747)	(139)	(957)
ORBIT	26	(859)	(440)	(1,273)
Finance costs	–	(129)	(107)	(236)
Other items	(106)	(49)	639	484
Loss before tax from operations				(1,025)
Income tax expense				(784)
Loss from continuing operations				(1,809)
Loss from discontinued operations				(1,282)
				(3,091)
Segment assets	1	7,999	15,798	23,798
Segment assets includes:				
Additions to plant and machinery	–	557	22	579
Segment liabilities	(17)	(1,720)	(11,520)	(13,257)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. SEGMENT INFORMATION (CONTINUED)

(a) Reconciliations

(i) Segment assets

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

Segment assets are reconciled to total assets as follows:

	2016 S$'000	2015 S$'000
Segment assets for reportable segments	27,078	23,798
Unallocated:		
– Cash and cash equivalents	6,550	10,130
– Assets of disposal groups classified as held-for-sale (Note 18(a))	3,258	3,327
	36,886	37,255

(ii) Segment liabilities

The amounts provided to the Exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than current income tax liabilities, borrowings, deferred income tax liabilities and liabilities directly associated with disposal groups classified as held-for-sale.

Segment liabilities are reconciled to total liabilities as follows:

	2016 S$'000	2015 S$'000
Segment liabilities for reportable segments	13,601	13,257
Unallocated:		
– Current income tax liabilities	192	377
– Borrowings	1,204	865
– Deferred income tax liabilities	23	57
– Liabilities directly associated with disposal groups classified as held-for-sale (Note 18(b))	1,256	1,317
	16,276	15,873

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. SEGMENT INFORMATION (CONTINUED)

(b) Revenue from major products and services

Revenues from external customers are derived mainly from the sale of polymeric components and polymeric die-cutting services and sale of compound rubber and precision molded rubber parts and components. Breakdown of the revenue is as follows:–

	2016 S$'000	2015 S$'000
Sales from continuing operations		
Lifestyle products	16,017	15,304
Hospitality management	118	–
	16,135	15,304

(c) Geographical information

The Group's business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the precision elastomeric moulding of rubber components, precision polymeric die-cutting of foams, other materials, hospitality management and investment holding.
- China – the operations in this area are principally the precision elastomeric moulding of rubber components.
- Malaysia – the operations in this area are principally the precision elastomeric moulding of rubber components.
- Indonesia – the operations in this area are principally the precision elastomeric moulding of rubber components.

	Sales from continuing operations	
	2016 S$'000	2015 S$'000
Singapore	4,663	3,193
China	3,048	2,503
Malaysia	6,709	7,251
Indonesia	1,715	2,357
	16,135	15,304

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

35. SEGMENT INFORMATION (CONTINUED)

(c) Geographical information (continued)

	Non-current assets	
	2016	2015
	S$'000	S$'000
Singapore	14,887	14,624
China	1,145	383
Malaysia	624	800
Indonesia	309	432
	16,965	16,239

Revenues of S$2,569,000 (2015: S$2,708,000) are derived from a single external customer. These revenues are attributable to the Malaysia precision elastomeric moulding of rubber components segment.

36. BUSINESS COMBINATIONS

On 7 October 2016, the Group acquired a 80% equity interest in G4 Station Pte. Ltd. ("G4 Station"). As a result of the acquisition, the Group has diversified into the hospitality management business which manages and operates lodging and boarding houses and backpackers hostels. The management believes that this will reduce the Group's reliance on its existing business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance shareholders' value for the Company.

The Group has elected to measure the non-controlling interests at the fair value of G4 Station's net identifiable assets.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

The purchase consideration for the acquisition is S$664,000.

(b) Effect on cash flows of the Group

	2016
	S$'000
Cash paid (as above)	664
Less: Cash and cash equivalents in subsidiary corporation acquired	(15)
Cash outflow on acquisition	649

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

36. BUSINESS COMBINATIONS (CONTINUED)

(c) Identifiable assets acquired and liabilities assumed

	2016 S$'000
Cash and cash equivalents	15
Plant and equipment (Note 22)	2
Trade and other receivables	77
Total assets	94
Trade and other payables	(22)
Total identifiable net assets	72
Less: Non-controlling interest at fair value	(166)
Add: Goodwill (Notes 24 and 36(f))	758
Consideration transferred for the business	664

(d) Provisional accounting of the acquisition of G4 Station

The purchase price allocation of the acquisition of G4 Station in the financial year ended 31 December 2016 is provisional. The Group has engaged an independent valuer to determine the fair value of the assets acquired and liabilities assumed. At the balance sheet date, the fair value of the acquired assets is S$72,000 which has been determined on a provisional basis as the final result of the independent valuation has not been completed and received by the date the financial statements was authorised for issue. Goodwill arising from this acquisition will be adjusted accordingly on a retrospective basis when the valuation is finalised. Additionally, if new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions and allowances that existed at the acquisition date, the accounting for the acquisition will also be adjusted retrospectively.

(e) Non-controlling interests

The Group has chosen to recognise the 20% non-controlling interest at its fair value of S$166,000.

(f) Goodwill

The goodwill of S$758,000 arising from the acquisition is provisional as the fair value of the identifiable assets acquired and liabilities assumed are provisionally determined.

(g) Revenue and profit contribution

The acquired business contributed revenue of S$118,000 and net loss of S$20,812 to the Group from the period from 1 October 2016 to 31 December 2016.

Had G4 Station been consolidated from 1 January 2016, the consolidated revenue and consolidated loss for the year ended 31 December 2016 would have been S$332,000 and S$23,569 respectively.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

37. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 13 March 2017, the Company had entered into a subscription agreement with Co-Prosperity Investment (International) Limited, China Equity Investment Limited and Tan Bee Siew (collectively, the "Subscribers") to which they agreed to subscribe for, and the Company agreed to allot and issue to the Subscribers, an aggregate of 35,000,000 new ordinary shares in the capital of the Company at an issue price of S$0.060 per new Share, on the terms and subject to the conditions of the Subscription Agreement. The aggregate consideration payable by the Subscribers for the subscription of the new Shares is S$2,100,000.

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are effective for the accounting periods beginning on or after 1 January 2017 or later periods and which the Institution has not early adopted:

Effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 7 *Statement of Cash Flows*
- Amendments to FRS 12 *Income Taxes (Recognition of Deferred Tax Assets for Unrealised)*
- Amendments to FRS 112 *Disclosure of Interests in Other Entities*

Effective for annual periods beginning on or after 1 January 2018

- FRS 28 *Investments in Associates and Joint Ventures*
- FRS 40 *Transfers of Investment Property*
- FRS 101 *First-Time Adoption of Financial Reporting Standards*
- FRS 102 *Classification and Measurement of Share-based Payment Transactions*
- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
  (The effective date of FRS 115 *Revenue from Contracts with Customers* has been deferred from 1 January 2017 to 1 January 2018)

Effective for annual periods beginning on or after 1 January 2019

- FRS 116 *Leases*

Effective date: to be determined*

- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

* *The mandatory effective date of this Amendment had been revised from 1 January 2017 to a date to be determined by the Accounting Standards Council Singapore (ASC) in December 2016 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following:

- FRS 109 *Financial Instruments*

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  The financial assets held by the Group include:
  - equity instruments currently classified as AFS for which fair value through OCI election is available; and
  - equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under FRS 109.

  Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

38. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption except for the following: (continued)

- FRS 116 *Leases*

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of S$3,556,000 (Note 32(a)). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

39. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sinjia Land Limited and its subsidiary corporations on 4 April 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2017

SHARE CAPITAL

Issued and fully paid-up capital	:	S$23,517,217.91
Number of issued shares (excluding treasury shares)	:	142,072,685
Number of treasury shares	:	14,978,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.10	80	0.00
100 – 1,000	49	4.85	45,200	0.03
1,001 – 10,000	439	43.42	3,105,760	2.19
10,001 – 1,000,000	500	49.45	30,584,400	21.53
1,000,001 AND ABOVE	22	2.18	108,337,245	76.25
TOTAL	**1,011**	**100.00**	**142,072,685**	**100.00**

Shareholding held by the public

Based on information available to the Company as at 16 March 2017, approximately 67.47% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

Substantial shareholders

NAME OF SHAREHOLDERS	DIRECT INTEREST NO. OF SHARES	%	DEEMED INTEREST NO. OF SHARES	%
China Infrastructures Global Investment Capital Limited(1)	nil	nil	36,000,000	25.34
Jimmy Lee Peng Siew	7,855,000	5.53	nil	nil

Notes:–

(1) The deemed interest of China Infrastructures Global Investment Capital Limited arises from shares held by its nominee, Phillip Securities Pte. Ltd..

STATISTICS OF ***SHAREHOLDINGS***

AS AT 16 MARCH 2017

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE. LTD.	38,223,900	26.90
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,998,000	5.63
3	JIMMY LEE PENG SIEW	7,855,000	5.53
4	CIMB SECURITIES (SINGAPORE) PTE. LTD.	7,002,600	4.93
5	RAFFLES NOMINEES (PTE.) LIMITED	5,677,400	4.00
6	ANG ZHI CHENG	5,118,800	3.60
7	HONG LEONG FINANCE NOMINEES PTE. LTD.	4,500,000	3.17
8	OCBC SECURITIES PRIVATE LIMITED	3,641,900	2.56
9	RHB SECURITIES SINGAPORE PTE. LTD.	3,400,000	2.39
10	LEE ENG YEW	2,658,700	1.87
11	TAN KIM GUAN	2,500,000	1.76
12	ANG KONG MENG	2,483,800	1.75
13	CHEONG WEIXIONG (ZHANG WEIXIONG)	2,361,000	1.66
14	TAN JIANYOU	2,212,000	1.56
15	DBS NOMINEES (PRIVATE) LIMITED	2,057,300	1.45
16	LIM TIONG KHENG STEVEN	1,883,400	1.33
17	WA KOK LIANG	1,730,980	1.22
18	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	1,554,000	1.09
19	UOB KAY HIAN PRIVATE LIMITED	1,495,000	1.05
20	TAN SZE SENG	1,412,765	0.99
	TOTAL	**105,766,545**	**74.44**

NOTICE OF ***AGM***

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Sinjia Land Limited (the "**Company**") will be held at TKP Conference Center (Cecil Street), 137 Cecil Street, Level 4, Shibuya, Singapore 069537 on Friday, 28 April 2017 at 2.30 p.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2016 together with the Auditors' Report thereon. — Resolution 1

2. To re-elect Mr Lee Jim Teck, Edward, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. — Resolution 2

   [See explanatory note (i)]

3. To re-elect Mr Cheung Chi Kin, who is retiring in accordance with Article 119 of the Company's Constitution, as a Director of the Company. — Resolution 3

   [See explanatory note (ii)]

4. To approve the payment of Directors' fees of S$151,500 for the financial year ended 31 December 2016 (2015: S$157,500). — Resolution 4

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

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

AS SPECIAL BUSINESS

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

7. **Authority to allot and issue shares**

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

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

NOTICE OF
AGM

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

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

(b) (notwithstanding the authority conferred by this Resolution 6 may have ceased to be in force) issue Shares in pursuance of any Instruments made of granted by the Directors while Resolution 6 was in force, provided that:

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

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

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

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

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

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

NOTICE OF AGM

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

[See Explanatory Note (iii)]

8. AUTHORITY TO GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER THE HLN TECHNOLOGIES LIMITED PERFORMANCE SHARE PLAN Resolution 7

"That pursuant to Section 161 of the Companies Act and the Catalist Rules, approval be and is hereby given to the Directors to:

a) grant awards in accordance with the provisions of the HLN Technologies Limited Performance Share Plan ("**the Plan**"); and

b) allot and issue from time to time such number of fully paid-up Shares as may be required to be allotted and issued pursuant to the release of awards under the Plan provided that the aggregate number of shares to be allotted and issued pursuant to the Plan shall not exceed 15% of the total number of issued Shares (excluding treasury Shares) from time to time and that authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier."

[See Explanatory Note (iv)]

By Order Of the Board

LEE FUT HUA
Company Secretary

Date: 13 April 2017

NOTICE OF AGM

Explanatory Notes:

(i) Mr Lee Jim Teck, Edward ("**Mr Lee**"), if re-elected, will remain as a member of the Remuneration Committee, the Audit Committee and the Nominating Committee. The Board considers Mr Lee to be independent for the purpose of Rule 704(7) of the Catalist Rules. The key information of Mr Lee can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Principle 4" and "Directors' Statement" of the Company's Annual Report 2016. Mr Lee does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

(ii) Mr Cheung Chi Kin ("**Mr Cheung**"), if re-elected, will remain as a member of the Remuneration Committee, the Audit Committee and the Nominating Committee. The key information of Mr Cheung can be found under the sections entitled "Board of Directors", "Corporate Governance Report – Principle 4" and "Directors' Statement" of the Company's Annual Report 2016. Mr Cheung does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.

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

(iv) Resolution 7, if passed, will empower the Directors, from the date this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, to grant awards and to allot and issue Shares pursuant to the Plan. The grant of awards under the Plan will be made in accordance with the provisions of the Plan. The aggregate number of shares which may be issued pursuant to the Plan shall not exceed 15% of the total number of issued Shares (excluding treasury Shares) from time to time.

NOTICE OF ***AGM***

Notes:

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

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

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

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

* A Relevant Intermediary is either:

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

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

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

Personal Data Privacy:

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

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this notice.*

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

SINJIA LAND LIMITED

Registration No. 200402180C
(Incorporated in Singapore)

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

PROXY FORM

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

of ____ (Address)

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

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

and/or*

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

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at TKP Conference Center (Cecil Street), 137 Cecil Street, Level 4, Shibuya, Singapore 069537 on Friday, 28 April 2017 at 2.30 p.m. and at any adjournment thereof.

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

No.	Resolutions	Number of Votes For	Number of Votes Against
ORDINARY BUSINESS			
1	Adoption of the Directors' Statements and Audited Financial Statements of the Company for the Financial Year Ended 31 December 2016 and the Auditors' Report thereon.		
2	Re-election of Mr Lee Jim Teck, Edward as a Director.		
3	Re-election of Mr Cheung Chi Kin as a Director.		
4	Approval of Directors' fees for the financial year ended 31 December 2016.		
5	Re-appointment of Nexia TS Public Accounting Corporation as Auditors and to authorise the Directors to fix their remuneration.		
6	Authority to allot and issue new shares.		
7	Authority to grant awards and to allot and issue shares in accordance with the provisions of the HLN Technologies Limited Performance Share Plan.		

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

Dated this ______________ day of ______________ 2017

Total number of Shares held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

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

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

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

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

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

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

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

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

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

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

General:

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2017.

This page has been intentionally left blank

This page has been intentionally left blank

星
嘉
源

SINJIA LAND
limited

Block 16, Kallang Place
#01-16/18, Kallang Basin Industrial Estate
Singapore 339156
Tel : (65) 6224 7320
Fax : (65) 6224 7231