

NEW PERSPECTIVES FOR GROWTH

ANNUAL REPORT 2019



SINJIA LAND
limited

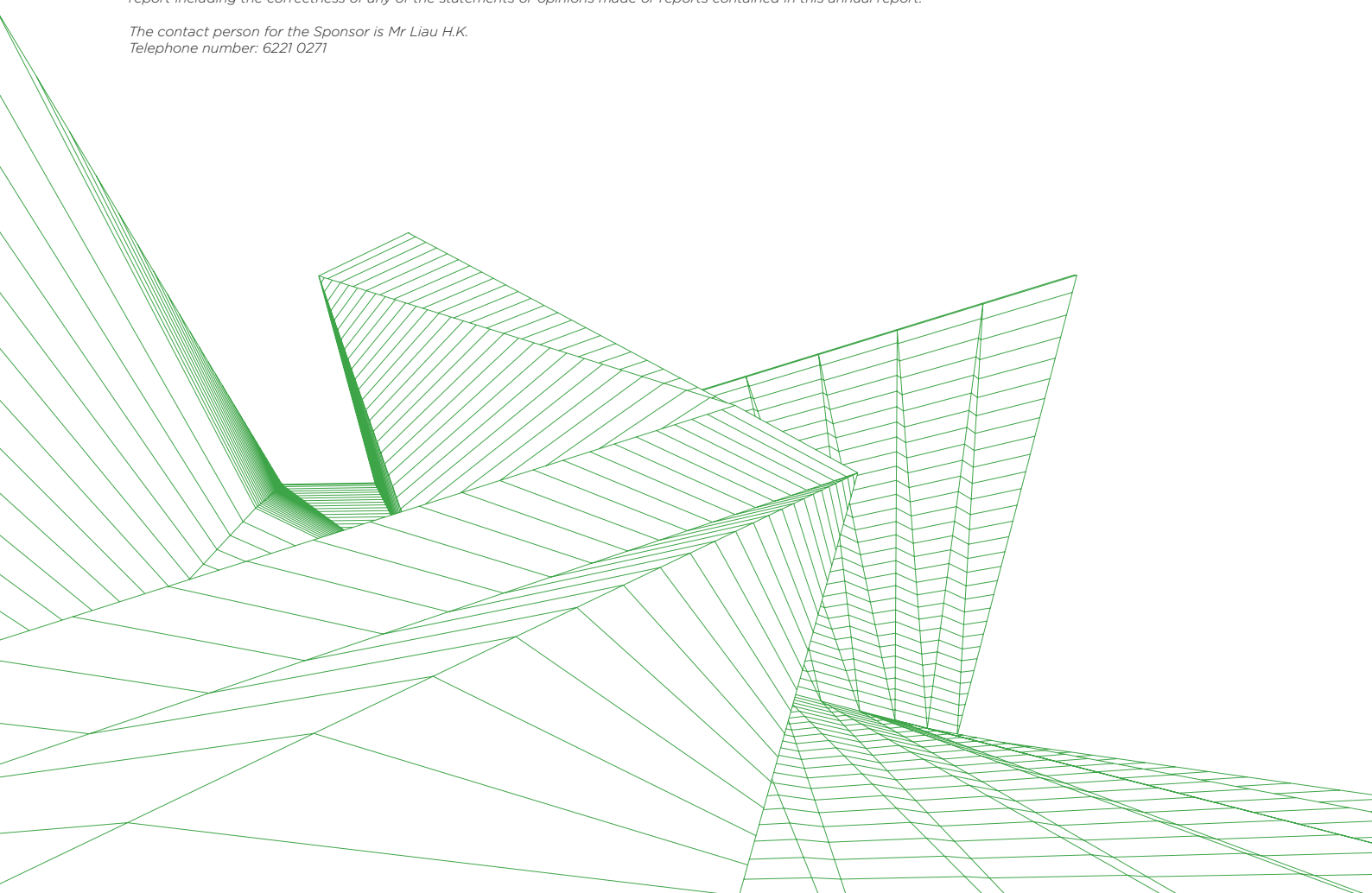
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*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalyst for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this annual report including the correctness of any of the figures used, statements or opinions made.*

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

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

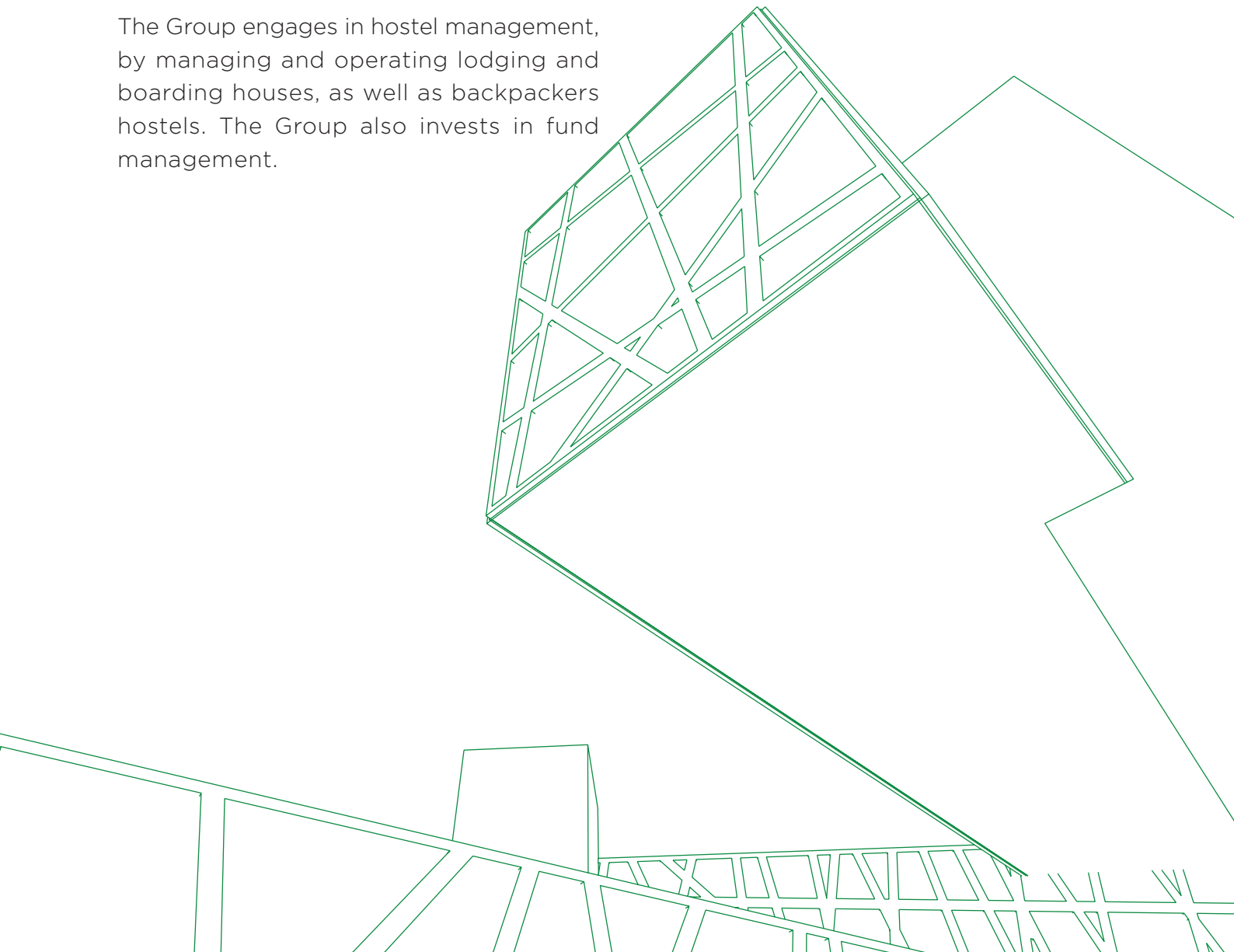


CORPORATE PROFILE

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

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

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



MESSAGE TO SHAREHOLDERS



MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the board of directors (“**Board**”) of Sinjia Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), we are pleased to present to shareholders the annual report for the financial year ended 31 December (“**FY**”) 2019.

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

In FY2019, the Group reported a higher net loss before tax of S\$4.21 million as compared to S\$3.39 million last year, largely due to impairment of property classified as held-for-sale of S\$1.53 million due from the proposed disposal of Barons Lodge Hotel and write off other receivables of S\$0.93 million largely from the disposal of HLN Rubbers Products Pte. Ltd. in the current financial year against last year loss in liquidation of subsidiary, Sinjia RTE Solutions Pte. Ltd. of S\$1.30 million.

Notwithstanding a loss attributable to shareholders in FY2019, the Group’s cash at bank declined from S\$3.82 million last year to S\$2.18 million as at 31 December 2019. Additional approximately S\$1.43 million from the proceeds through the completion of the disposal of HLN Rubber Products Pte. Ltd. is received in January 2020.

The Company has announced in August 2019 that it has entered into an agreement with an independent third party to dispose the property Baron Lodge Hotel in North Dakota, US for a consideration of USD750,000. The net proceeds to be utilised as the general working capital of the Group.

In January 2019, The Company also announced the completion of the acquisition of 25% of shares in the capital of G & S Realty Limited and now is an associate company of the Group. This will enable the Company to gain a foothold in the property business in Thailand and believes it will provide a source of diversified returns in near future and long term growth to the Group. The Company after due consideration inter-alia, weak property market in Thailand and mutually agreed by both parties

that the Company will not proceed with the second tranche of the Purchase Consideration of THB4.8 million for the Proposed Acquisition under the Sale and Purchase Agreement signed on 12 December 2018. The Company remains as shareholder of 25% equity interest in G&S Realty limited and will continue to review its position in Thailand and the property outlook in Thailand.

OUTLOOK FOR THE YEAR AHEAD

Looking ahead, the hostel management business will remain competitive due to intense competition and rising operating costs. As a result of the ongoing COVID-19 epidemic, the Group expects a some impact to the hostel management business particularly in first half of FY 2020. The Board generally remains optimistic about tourism prospects in Singapore for the year ahead and will be mindful of the intense competition as well as the increasing costs.

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

ACKNOWLEDGEMENTS

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

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

LI ANHUA

Non-Executive Chairman

CHEONG WEIXIONG, JEFF

Group Chief Executive
Officer and Executive
Director

FINANCIAL AND BUSINESS REVIEW

BUSINESS REVIEW

The Group's principal businesses are in (i) hostel management (operating under G4 Station Pte. Ltd. ("G4")); and (ii) investment in fund management.

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

As announced in January 2019, the Company has completed the acquisition of 25% of shares in the capital of G & S Realty Limited and this will enable the Company to gain a foothold in the property business in Thailand. This acquisition is a strategic investment by the Group in line with the Group's corporate strategy to diversify its current business operation to other geographical market. The Company believes this will provide a source of diversified returns in near future and long term growth to the Group.

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

FINANCIAL REVIEW

Income Statement

Revenue increased by 10% from S\$0.62 million in FY2018 to S\$0.68 million in FY2019. The increase was primarily due to the growth in visitor arrivals in FY2019 as a result the Group reported a gross profit of S\$0.09 million in FY2019 compared to S\$0.07 million was reported in FY2018.

Other income relates to interest income from bank deposits S\$0.03 million in FY2019, mainly from the placement of fixed deposit.

Other credits increased by S\$0.45 million from S\$0.63 million in FY2018 to S\$1.08 million in FY2019. The other credits in FY2019 consisted mainly of gain on foreclosure sale on investment property of S\$1.08 million (Please refer to the announcement made on 27 August 2019 on update of foreclosure action on vista property for details). The other credits in FY2018 consisted mainly of (i) foreign exchange gain of S\$0.27 million as a result of depreciation

of Renminbi against Singapore Dollars in FY2018; and (ii) a reversal of accrual of approximately S\$0.33 million.

Administrative expenses decreased slightly by S\$4,000 in FY2019 compared to FY 2018. In FY 2019, amounted to \$2.05 million, mainly consist of legal and professional fees of S\$0.38 million and staff costs by S\$1.25 million.

The Group recorded finance costs increased by S\$11,000 from S\$8,000 in FY2018 to S\$19,000 in FY2019 mainly due from lease liabilities of S\$13,000 as a result of the application of the principles of SFRS(I) 16 Leases and S\$6,000 was relates to hire purchase of company motor vehicle, which offset against the decreased in hire purchase interest by S\$2,000 as compared to S\$8,000 in FY2018.

The Group recorded other charges of S\$3.34 million in FY2019 (FY2018: S\$2.06 million) mainly due to (i) write off other receivables of S\$0.93 million largely from the disposal of HLN Rubbers Products Pte. Ltd. as announced 17 January 2020; (ii) Impairment of property classified as held-for-sale of S\$1.53 million due from the proposed disposal of Barons Lodge Hotel which is marked to the consideration which has been announced on 16 August 2019; (iii) fair value loss on financial assets (at fair value through profit or loss) in the Company's investment fund (namely, Fortune Asia Long Short Fund) of S\$0.20 million in FY2019 (FY2018: S\$0.75 million); and (iv) write off of financial assets at fair value through other comprehensive income of S\$0.68 million due from the disposal of Tianjin Swan Lake Real Estate Development Co., Limited ("TJSL") in FY2019. Meanwhile, the other charges in FY2018 comprised mainly (i) fair value loss of S\$0.75 million; and (ii) a loss in liquidation of subsidiary, Sinjia RTE Solutions Pte. Ltd. of S\$1.30 million in FY2018.

As a result of the above, the Group registered a loss before and after tax of S\$4.21 million in FY2019, as compared to S\$3.39 million in FY2018. The Group posted a loss attributable to equity holders of the Company of S\$4.20 million in FY2019 (FY2018: S\$3.55 million).

FINANCIAL AND BUSINESS REVIEW

FINANCIAL POSITION

Current Assets

The Group's current assets decreased by S\$2.27 million to S\$6.49 million as at 31 December 2019, from S\$8.76 million as at 31 December 2018. The Group's current assets as at 31 December 2019 comprised trade and other receivables of S\$1.48 million, other current assets of S\$0.20 million, financial assets (at fair value through profit or loss) of S\$0.83 million, cash and cash equivalents of S\$2.18 million, assets of the disposal group classified as held-for-sale of S\$0.79 million and property classified as held-for-sale of S\$1.01 million.

Trade and other receivables decreased by S\$1.43 million to S\$1.48 million as at 31 December 2019, from S\$2.91 million as at 31 December 2018, mainly due to proceeds from receivable of approximately S\$0.41 million and written off of S\$0.93 million from the sale of the disposal group in FY2017.

Financial assets, at fair value through profit or loss decreased by S\$0.20 million, from S\$1.03 million as at 31 December 2018 to S\$0.83 million as at 31 December 2019, due to a decrease in the fair value of the Company's investment fund (namely, Fortune Asia Long Short Fund).

Cash and cash equivalents decreased by S\$1.64 million, from S\$3.82 million as at 31 December 2018 to S\$2.18 million as at 31 December 2019. Please refer to the section on "Consolidated Statement on Cash Flows" below for the reasons on the decrease in cash and cash equivalents.

Assets of the disposal group classified as held-for-sale, which relates to the carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd., amounted to S\$0.79 million which proposed disposal is still ongoing as at the financial year end 2019. The proposed disposal targeted to complete by second quarter of FY2020.

The property classified as held-for-sale, amounted to S\$1.01 million was received as a repayment for the convertible loan note the Group had subscribed to for which the issuer, Barons Vista LLS could not repay. The value of the investment property was derived using the proposed consideration for the Barons Lodge Hotel. During the FY2019, S\$1.53 million impairment was made due to the consideration is lower than the carrying amount as at 31 December 2019.

Non-current Assets

The Group's non-current assets decreased by S\$11.74 million to S\$2.06 million as at 31 December 2019, from S\$13.80 million as at 31 December 2018. The Group's non-current assets as at 31 December 2019 comprised financial assets at fair value through other comprehensive income of S\$0.33 million, investment in associated company of S\$0.21 million, investment property of S\$1.08 million and plant and equipment of S\$0.44 million.

Financial assets at fair value through other comprehensive income decreased by S\$10.91 million to S\$0.33 million as at 31 December 2019 compared to S\$11.24 million as at 31 December 2018 due to it being offset with the partial consideration received for the disposal of TJSL which was recorded under trade and other payables in prior year. The balance of S\$0.33 million is the shares in Abterra Ltd, a listed company on the SGX-ST. No gain or loss in fair value of these quoted securities in Abterra Ltd in 2019.

Plant and equipment increased by S\$0.42 million from S\$0.02 as at 31 December 2018 to S\$0.44 million as at 31 December 2019, mainly due to the Right-of-use ("ROU") assets with the adoption of SFRS(I) 16 Leases from 1 January 2019 of S\$0.44 million against depreciation charges recognised in FY2019.

Investment property of S\$1.08 million as at 31 December 2019 relates to the Vista Property. Please refer to the announcement made on 27 August 2019 for the details. (31 December 2018: S\$2.54 million was related to the Barons Lodge Hotel which reclassified to "Property classified as held-for-sale" as at 31 December 2019).

Current Liabilities

The Group's current liabilities decreased by S\$9.91 million, from S\$10.75 million as at 31 December 2018 to S\$0.84 million as at 31 December 2019. The Group's current liabilities as at 31 December 2019 comprised mainly trade and other payables of S\$0.52 million and borrowings of S\$0.32 million.

Trade and other payables decreased by S\$10.18 million, from S\$10.70 million as at 31 December 2018 to S\$0.52 million as at 31 December 2019, mainly due to S\$10.23 million which was contra off with financial assets at fair value through other comprehensive income (as partial consideration received for the disposal of TJSL).

FINANCIAL AND BUSINESS REVIEW

Total borrowings increased from S\$0.18 million as at 31 December 2018 to S\$0.58 million as at 31 December 2019, due to the lease liabilities with the adoption of SFRS(I) 16 Leases from 1 January 2019 of S\$0.44 million against payment of lease liabilities in FY2019.

The Group reported a positive working capital of S\$5.65 million as at 31 December 2019.

Non-current Liabilities

The Group's non-current liabilities comprised lease liabilities, which increased by S\$0.13 million, from S\$0.13 million as at 31 December 2018 to S\$0.26 million as at 31 December 2019. The increase was due to the reclassification of lease liabilities from "Non-current Liabilities" to "Current Liabilities".

Equity

Total equity decreased by S\$4.22 million, from approximately S\$11.68 million as at 31 December 2018 to S\$7.46 million as at 31 December 2019, mainly due to an increase in accumulated losses of S\$4.21 million as at 31 December 2019, as a result of net loss incurred in FY2019.

CASH FLOW

Net cash outflow for operating activities for FY2019 amounted to S\$1.12 million, mainly due to cash outflow from operations activities of S\$1.67 million and net cash inflow arising from working capital changes of S\$0.55 million. Net cash inflows arising from working capital in FY2019 amounted to S\$0.55 million, mainly due to increase in trade and other receivables of S\$0.51 million.

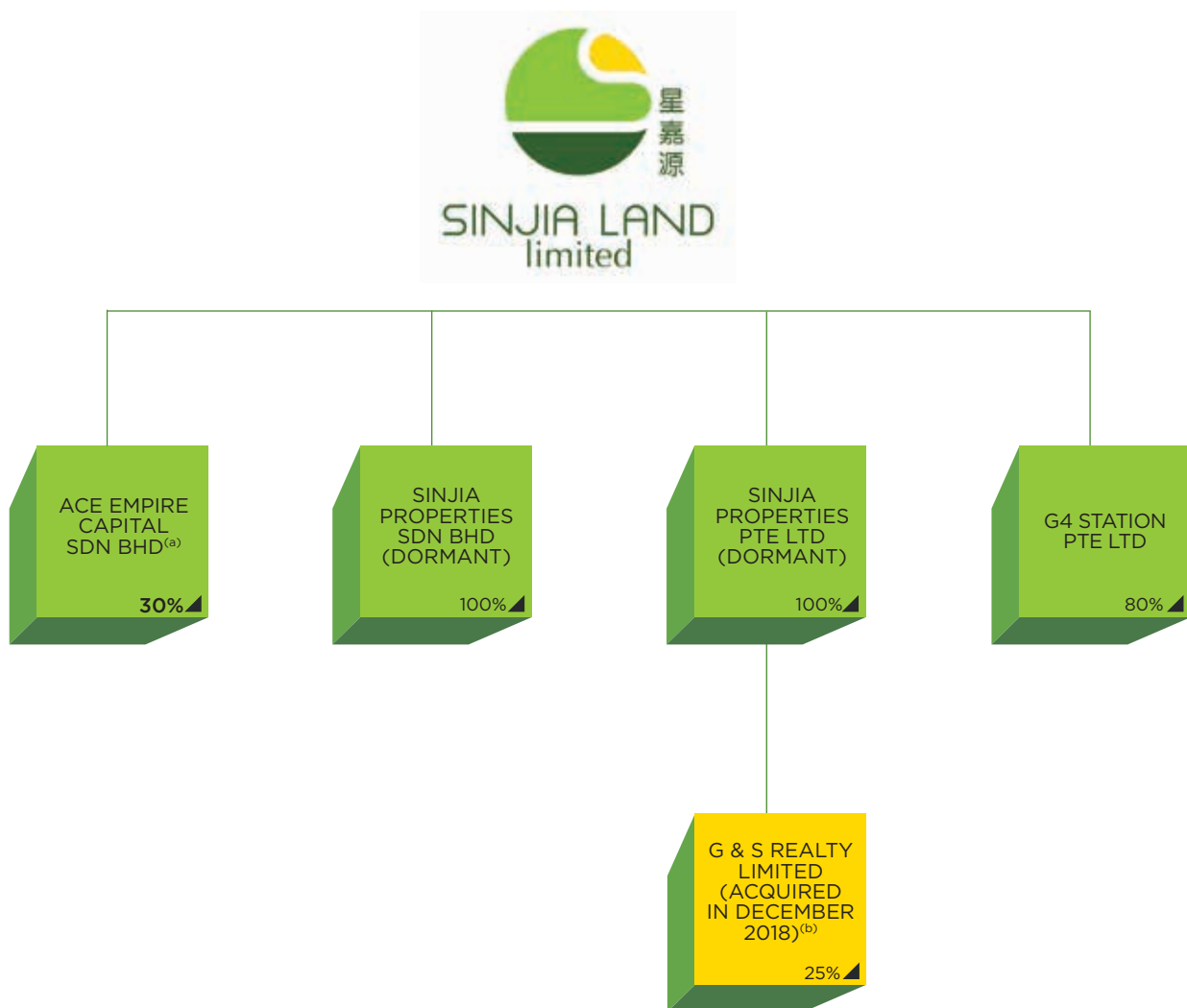
Net cash outflow from investing activities of S\$0.20 million in FY2019 was mainly due to partial payment on the investment in an associate company of approximately S\$0.21 million, purchase of plant and equipment of S\$5,000 against interest received of S\$28,000.

Net cash outflow from financing activities of S\$0.32 million in FY2019 was mainly due to the payment of the lease liability in accordance with the principles of SFRS(I) 16 Leases of S\$0.30 million and interest paid of S\$19,000.

As a result of the above, the Group had cash and cash equivalents of S\$2.18 million as at 31 December 2019, representing a decrease of S\$1.64 million as compared to at 31 December 2018.



GROUP STRUCTURE^(c)



(a) As at the date of this annual report, the disposal has not been completed due to pending on transfer of properties ownership. It was treated as asset of disposal group classified as held-for-sale.

(b) As announced on 13 December 2018, the Company proposed acquisition of 49% stake in G & S Realty Limited. The 25% represents the 1st tranche of the SPA entered into on 12 December 2018 and as announced on 11 December 2019, the company was supposed to purchase 2nd tranche of 24% equity stake but it did not due to the weak property market in Thailand.

(c) The group structure is as at 31 December 2019.

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

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

MR CHEONG WEIXIONG, JEFF

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

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

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

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

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 36 years of experience in finance, accounting, audit, human resource and information technology. He also volunteers his services in a number of not-for-profit organizations and charities.

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

MR CHEUNG CHI KIN, KEN

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

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

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

KEY MANAGEMENT

MR LEE FUT HUA

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

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

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.



CORPORATE INFORMATION

BOARD OF DIRECTORS

LI ANHUA

Non-Executive Chairman and Independent Director

CHEONG WEIXIONG, JEFF

Group Chief Executive Officer and Executive Director

LEE JIM TECK, EDWARD

Non-Executive and Independent Director

CHEUNG CHI KIN, KEN

Non-Executive Director

NOMINATING COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN, KEN Member

REMUNERATION COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN, KEN Member

AUDIT COMMITTEE

LI ANHUA Chairman

LEE JIM TECK, EDWARD Member

CHEUNG CHI KIN, KEN Member

COMPANY SECRETARY

LEE FUT HUA

REGISTERED OFFICE

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

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

NEXIA TS PUBLIC ACCOUNTING CORPORATION

80 Robinson Road
#25-00
Singapore 068898

Director-In-Charge: Titus Kuan Tjian
(Effective From Year Ended 31 December 2019)

SPONSOR

ASIAN CORPORATE ADVISORS PTE. LTD.

160 Robinson Road
#21-05 SBF Center
Singapore 068914



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CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or “**Directors**”) and management (“**Management**”) of the Sinjia Land Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) are committed to ensuring high standards of corporate governance for the protection of shareholders’ interests and value and to promote investors’ confidence.

This report describes the Group’s corporate governance activities, structures and practices that were in place throughout the financial year ended 31 December 2019 (“**FY2019**”), with specific reference made to the principles of the revised Code of Corporate Governance 2018 (the “**Code**”) issued in August 2018 which is effective from financial year commencing from 1 January 2019.

The Board is pleased to confirm that for FY2019, the Group has adhered to the principles and provisions as set out in the Code. In so far as any provision has not been complied with, the reason has been 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: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board provides leadership to the Group through setting overall strategic aims, establishing framework of controls, reviewing the overall performance of Management and approving important decisions affecting the Group. The principal function of the Board is to protect and enhance long-term value and returns for its shareholders. In addition to carrying out its statutory responsibilities, the Board’s role is to:

- (a) provide entrepreneurial leadership, set strategic objectives and ensure that the necessary resources are in place for the Company to meet its objectives;
- (b) approve corporate objectives, plans, strategies, policies and financial objectives of the Group, constructively challenge Management and review its performance;
- (c) Oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, which includes establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and company performance;
- (d) Approve nominations and appointments of Directors, Board committee members and key executives;
- (e) Approve annual budgets, investments, capital expenditures, major acquisitions and divestments proposals;
- (f) Set the Company’s values, standards, policies and practices (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met;
- (g) Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation and ensure transparency and accountability to key stakeholder groups; and
- (h) Assume responsibility for corporate governance.

CORPORATE GOVERNANCE REPORT

The Board exercises objective judgment independently from Management on corporate affairs of the Group and no individual or small group of individuals dominate the decisions of the Board. All Directors are expected to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interests of the Group. All Directors are obliged to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as it is practicable after the relevant facts have come to his knowledge. In the event that any Director faces a conflict of interest, he will recuse himself from any discussion and decision involving the issue of conflict.

There was no new director appointed during the financial year. When a new director is appointed, the Company will conduct a comprehensive and customized induction program. This is to provide the new Director with background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The orientation program gives the new Director an understanding of the Group's businesses to enable him to assimilate into his new role. It also allows the new Director to get acquainted with the Management, thereby facilitating interaction and independent access to the Management. 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, to ensure that the Directors are apprised of the business and operations of the Company on a regular basis.

The Company works closely with external professionals to update its directors in any new requirements of the Catalist Rules, Companies Act or changes to relevant laws, regulations and accounting standards from time to time. During FY2019, all Directors had received updates on changes to the Catalist Rules, the revised Code of Corporate Governance 2018 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.

The Company also encourages the Directors to attend appropriate courses, conferences, briefings and seminars, at the Company's expense, to keep themselves abreast of development in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group, so as to improve themselves in the discharge of their duties as directors. The Directors can also request for further explanations, briefings or information on any aspect of the Company's operations or business issues from Management. In addition, the Group's business and strategic developments pertaining to the Group's business are also reported to the Board periodically at every quarterly meeting.

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 that 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.

CORPORATE GOVERNANCE REPORT

The matters requiring the Board's approval include:

- Annual Budgets/Forecasts of the Group;
- Announcement of the Group's half-year and full year results, and release of annual report as well as sustainability report;
- Issuance of shares and dividend payout;
- Convening of shareholders' meetings;
- Incorporation of new entities;
- Material acquisition and disposal of assets/investment, divestment or capital expenditure;
- * Corporate or financial restructuring;
- * Any other matters as prescribed under the relevant legislations and regulations, as well as the provisions of the Company's Constitution.

To assist the Board in the discharging its duties, the Board has established various Board Committees, namely the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**"). Each of these committees is empowered to make decisions on matters within its terms of reference. The composition of each Board Committee, the key terms of reference and a summary of each Board Committee's activities can be found in this report. Any change to the terms of reference for any Board Committee requires the approval of the Board.

All the Board Committees are actively engaged and play an important role in ensuring good corporate governance within the Group. Minutes of all Board Committee meetings held are made available to the Board members. The Board acknowledges that while these Board Committees have the authority to examine specific issues and reports back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board.

A schedule of all Board and Board Committee meetings as well as the Annual General Meeting for the next calendar year is planned in advance, in consultation of the Board and all participating parties, like the auditors and Sponsors. The Board held four scheduled meetings in FY2019. In addition to the scheduled meetings, ad-hoc board briefings, conference calls and physical meetings are held as warranted by particular circumstances or as deemed appropriate by the Board members. The Company's Constitution permits meetings of the Directors to be conducted by telephone or other methods of simultaneous communication by electronic means. The Board and Board Committees may also make decisions through circulating resolutions.

CORPORATE GOVERNANCE REPORT

The attendances of the Directors at meetings of the Board, Board Committees and Annual General Meeting, as well as the frequency of such meetings held during FY2019 are as follows:

| Name of Director | Board | | Audit Committee | | Nominating Committee | | Remuneration Committee | | Annual General Meeting | |
|-----------------------|-----------------|------------|-----------------|------------|----------------------|------------|------------------------|------------|------------------------|------------|
| | No. of meetings | Attendance | No. of meetings | Attendance | No. of meetings | Attendance | No. of meetings | Attendance | No. of meetings | Attendance |
| Li Anhua | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cheong Weixiong, Jeff | 4 | 4 | 4* | 4 | 1* | 1 | 1* | 1 | 1 | 1 |
| Lee Jim Teck, Edward | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cheung Chi Kin | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 | 1 | 1 |

* *By invitation*

The profiles of these Directors are set out on pages 8 to 9 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.

If a Director is unable to attend a Board or Board Committee meeting, he will still receive all the papers and materials for discussion at that meeting. He will review them and advise the Chairman of the Board or the Board Committee of his views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

All Directors are required to declare their board representations. The Board is 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 its consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The NC has reviewed and is satisfied that notwithstanding his multiple board appointment, Mr Cheong Weixiong, who sits on boards of listed companies outside of the Group, with other principal commitments in FY2019, has been able to devote adequate time and attention to the affairs of the Group to satisfactorily discharge his duties as Director of the Company.

The Board is furnished with Board papers prior to any Board meeting. These papers are issued in sufficient time to enable the Directors 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 committees, internal and external auditors. Any additional material or information requested by the Directors is promptly furnished. All directors have unrestricted access to the Company's records and information.

The Board receives quarterly management financial statements, periodic financial performance reports, annual budgets and explanation on material forecasts variances to enable them to understand and oversee the Group's operational and financial performance. The Board papers provide adequate background and explanatory information from the Management on financial impact, risk analysis, expected outcome, regulatory implications and corporate issues which enable the directors to have an appropriate understanding on issues discussed at Board and Board Committees meetings.

CORPORATE GOVERNANCE REPORT

The Directors may communicate directly with the Management team on all matters whenever they deem necessary. The Directors also have separate and independent access to the Company Secretary, the Company's external auditors, internal auditors and other professional advisors, where relevant. The Company Secretary attends Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed and minutes of all meetings are recorded and circulated to the Board and the Board Committees. The Company Secretary also assists the Chairman and CEO, the Chairman of each committee and Management in the development of the agendas for the various Board and Board Committee meetings. The appointment and removal of the Company Secretary are subject to the approval of the Board.

The Company currently does not have a formal procedure for Directors to seek independent professional advice for the furtherance of their duties. However, directors may, on a case-to-case basis, propose to the Board for such independent professional advice, the cost of obtaining such professional advice may 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 aspect of the Company's operations or business issues.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Company endeavors to maintain a strong and independent element on the Board. As at the date of this report, the Board consists of four directors, of whom three are non-executive directors. Accordingly, the Company is in compliance with the requirement of the Code where non-executive directors make up a majority of the Board. The Chairman of the Board is Mr Li Anhua, a non-executive and independent director. The roles of the Chairman and the Chief Executive Officer ("CEO") are assumed by different persons. The membership of the Directors on the Board Committees are as follows:

| Name of Director | Audit Committee | Nominating Committee | Remuneration Committee |
|--|-----------------|----------------------|------------------------|
| Li Anhua (Non-Executive/Independent) | Chairman | Chairman | Chairman |
| Cheong Weixiong, Jeff (Chief Executive Officer) | - | - | - |
| Lee Jim Teck, Edward (Non-Executive/Independent) | Member | Member | Member |
| Cheung Chi Kin (Non-Executive) | Member | Member | Member |

Mr Li Anhua and Mr Lee Jim Teck, Edward are considered to be independent as they have no relationship with the Company, its related corporations, substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgment with a view to the best interests of the Company.

The Board recognizes that non-executive independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide noteworthy and valuable contribution objectively to the Board as a whole. The independence of the independent directors must be based on the substance of their professionalism, integrity, and objectivity, and not merely based on form; such as the number of years which they have served on the Board.

CORPORATE GOVERNANCE REPORT

As at the end of FY2019, Mr Li Anhua has served on the Board for more than nine years from the date of his first appointment. The NC has subjected his independence to a rigorous review, taking into consideration the absence of potential conflicts of interests which may arise through, inter alia, a shareholding interest in the Company and assessment of his independence in character, judgment through his contributions to the Board discussions and deliberations, before deciding if he should continue with the appointment. The NC is of the view that Mr Li Anhua has demonstrated independence of character and judgment over the years in discharging his duties and responsibilities as the Non-Executive Independent Director of the Company with the utmost commitment in upholding the interest of the shareholders. He has expressed individual viewpoints, objectively scrutinized issues and sought clarification from the Management as he deemed necessary. The NC has also noted that there were no relationships or circumstances which were likely to affect, or could appear to affect his independent judgement. As such, the NC had recommended to the Board and the Board concurred that Mr Li Anhua's independence of character and judgement was not in any way affected or impaired by his length of service.

The Board recognizes that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, knowledge, business experience, industry discipline, gender and age.

When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. The final decision on selection of Directors will be based on merit against an objective criterion that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

The Board currently comprises business leaders and professionals with financial (including accounting), risk management and business management qualifications and backgrounds. The Board has Directors with ages ranging from late 30s to more than 70 years old who have served on the Board for different tenures. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Further information on the individual Directors' background, experience and skills can be found in the 'Board of Directors' section in the Annual Report. Having considered the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for diversity and allow for informed and constructive discussion and effective decision making at meetings of the Board and Committees. No individual or small group of individuals dominates the Board's decision-making process. The Board noted that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance and diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration. The Board will however continue to review opportunities to refresh the Board with a view to expanding the skills, experience and diversity of the Board as a whole.

Management regularly puts up proposals or reports for the Board's consideration and approval, for instance, proposals relating to strategy formulation, policies, management performance appraisal and monitoring of the Company's financial performance and financial position of the Group. Independent and Non-Executive Directors, will then evaluate these proposals or reports and where appropriate, provide guidance to Management. Independent and 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 Independent and Non-Executive Directors meet on a need-to basis amongst themselves without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance and risk management initiatives, board processes and any audit observations. The outcome or suggestion arising from such meetings will be provided to the Board and/or Chairman as appropriate.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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

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

The overall role of the Chairman is primarily responsible in leading and ensuring the effectiveness of the Board and this includes promoting a culture of openness and debate at the Board, facilitating the effective contribution of all directors and promoting high standards of corporate governance.

The Chairman's duties and responsibilities includes:-

- (a) Leading the Board to ensure it is effective in its role;
- (b) Setting directions and agendas for the Company and scheduling of meetings to enable the Board to perform its duties responsibly;
- (c) Ensuring the proper conduct of meetings and accurate documentation of the proceedings;
- (d) Ensuring the smooth and timely flow of information between the Board and Management;
- (e) Ensuring compliance with internal policies and guidelines of the Company and high standards of corporate governance;
- (f) Ensuring effective communication with shareholders through investors' relationship channels and timely announcements of Company's development; and
- (g) Encouraging constructive relations between the Board and Management as well as between all directors.

In addition to the above duties, the Chairman will assume duties and responsibilities as may be required from time to time.

In view of the current composition of the Board which consists of a majority of Non-Executive directors, the Board believes that 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: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is established and it comprises 3 members, the majority of whom, including the Chairman, are Non-Executive Independent directors.

| | | |
|----------|---|----------------------|
| Chairman | : | Li Anhua |
| Member | : | Lee Jim Teck, Edward |
| Member | : | Cheung Chi Kin |

The NC is established for the purposes of ensuring that there is a formal and transparent process for all Board appointments. It has adopted written terms of reference defining its membership, administration and duties. Some of the duties of the NC include:

- (a) To make recommendations to the Board on all Board appointments, including development of a set of criteria for director appointments, which includes qualifications of director; ability to exercise sound business judgments, relevance to the Company and the industry and appropriate personal qualities;
- (b) to review and make recommendation to the Board on the succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (c) To re-nominate directors having regard to the director's contribution and performance (e.g. attendance, participation and critical assessment of issues deliberated upon by the Board) including, if applicable, as an independent director;
- (d) To determine annually whether or not a director is independent;
- (e) to make recommendation to the Board on the process and criteria for evaluation of the performance of the Board, its board committees and directors; and
- (f) to review and make recommendation to the Board on the training and professional development programmes for the Board and its directors.

A summary of the NC's activities during FY2019 is shown below:

- (i) Reviewed the Board's performance for FY2019 on a collective basis
- (ii) Reviewed and recommended to the Board the re-election of Mr Li Anhua and Mr Cheong Weixiong as directors
- (iii) Annual review of the independence of the independent directors

Process for selection and appointment of new directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment of new directors.

Where an existing director chooses to retire or the need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as a new director. The selection criterion includes age, gender, qualification, skills, caliber, industry experience and financial literacy. A comprehensive and detailed process in the selection of new Directors is adopted by the NC. Candidates will be first sourced through an extensive network of contacts and selected based on, inter alia, the needs of the Group and the relevant expertise required.

CORPORATE GOVERNANCE REPORT

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 then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as director.

Process for re-appointment of directors

The role of NC also includes the reviewing of the re-nomination of directors who retire by rotation, taking into consideration the director's integrity, independence, contribution and performance. The Constitution of the Company requires one-third of the directors to retire and subject themselves to re-election by the shareholders in every Annual General Meeting ("AGM"). In addition, the Company shall require all directors (including the CEO) to submit themselves for re-nomination and re-election at least once every three years. The Constitution of the Company also provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to be re-elected at least once every three years. A Director who is due for retirement, shall abstain from voting on any resolution in respect of his re-nomination as a Director. In this aspect, the NC has recommended and the Board has agreed for Mr Li Anhua and Mr Cheong Weixiong to retire and seek re-election at the forthcoming AGM.

The NC is charged with determining the independence of the directors as set forth in Provision 2.1 of the Code.

On an annual basis, the NC determines whether or not a director is independent, taking into account the Code definition of an "independent" director and guidance on relationships, the existence of which could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the interest of the Group.

Each independent director is required to complete a Director's Independence Form to confirm his independence annually to confirm his independence based on the guidelines as set out in the Code. For FY2019, the NC carried out a review on the independence of each independent director based on the foregoing considerations, the respective Director's Independence Form and their actual performance on the Board and Board Committees. Having carried out their review, the NC is satisfied that the two Directors, who are non-executive, are independent.

The NC ensures that new directors are aware of their duties and obligations. All directors are required to declare their board representations. For re-nomination and re-appointment of directors, when a director has multiple board representation, the NC takes into consideration the competing time commitments faced by directors and their ability to allocate adequate time and attention to the Group, so that they are able to adequately discharge their duties as a director of the Company.

The Board is 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 details of the Board members' directorship including the year of initial appointment and election are disclosed as follows:

| Name of Director | Board appointment | Date of first appointment | Date of last re-election | Functions/ Board Committees served | Directorships or chairmanships both present and held over the preceding three (3) years in other listed companies and other principal commitments |
|----------------------|-------------------------------|---------------------------|--------------------------|--|--|
| Li Anhua | Non-Executive and Independent | 13 August 2009 | 27 April 2018 | Chairman of the Board, the AC, the NC and the RC | <p><u>Other principal commitment</u> None</p> <p><u>Present Directorship</u> None</p> <p><u>Past Directorships</u> None</p> |
| Cheong Weixiong | Executive | 4 August 2009 | 27 April 2018 | Nil | <p><u>Other principal commitment</u> None</p> <p><u>Present Directorship</u></p> <ul style="list-style-type: none"> • Non-executive Chairman, Chairman of the NC and the RC of CWX Global Limited. • Non-executive Director of Fortune Asia Long Short Fund <p><u>Past Directorship</u> None</p> |
| Lee Jim Teck, Edward | Non-Executive and Independent | 27 July 2011 | 24 April 2019 | Member of the AC, the NC and the RC | <p><u>Other principal commitment</u> None</p> <p><u>Present Directorship</u> None</p> <p><u>Past Directorship</u> None</p> |
| Cheung Chi Kin | Non-Executive | 12 May 2016 | 24 April 2019 | Member of the AC, the NC and the RC | <p><u>Other principal commitment</u></p> <ul style="list-style-type: none"> • Consultant of Huizhong Asset Management Co., Ltd. • Consultant of Yangpu Quanan Commercial Management Co., Ltd. <p><u>Present Directorship</u> None</p> <p><u>Past Directorship</u> None</p> |

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 “Statement by Directors” of this Annual Report.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board, through the NC, has used its best effort to ensure that directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group’s business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a performance appraisal process to assess the performance of the Board as a whole instead of individual assessment. The performance appraisal includes qualitative and quantitative factors including board structure, board processes, corporate strategy and planning, board performance and risk management and internal control etc.

The NC undertakes the Board performance appraisal annually. All Directors are requested on an annual basis 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 performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes. The key objective of the evaluation exercise is to obtain constructive feedback from each Director on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board. The responses are reviewed by the NC and discussed with Board members for determining areas of improvement.

The NC has also decided unanimously, that the Directors will not be evaluated individually, as each member of the Board contributes in different aspects to the success of the Group, and therefore, it would be more appropriate to assess the Board as a whole. Following its review, the NC is of the view that the Board and its Board Committees operate effectively and despite multiple board representations in certain instance, each Director has been adequately contributing to the overall effectiveness and objectives of 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.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her 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 purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual directors and key management personnel. The overriding principle is that no director should be involved in deciding his own remuneration and the level of remuneration should be appropriate to attract, retain and motivate the executive directors to run the Company successfully and ensure that they are fairly rewarded for their individual contributions to overall performance. The RC will work within the principle that the remuneration should be structured so as to link rewards to corporate and individual performance.

The RC has adopted written terms of reference that defines its membership, roles and functions and administration. The duties of the RC are as follows:

- (a) review and make recommend to the Board, a framework of remuneration and specific remuneration packages of each Director (executive and non-executive) and key management personnel;
- (b) recommend to the Board, the Company's compensation policies, structures and service contracts, based on proposal by the CEO; and
- (c) determine the Company's compensation policies, structures and service contracts as proposed by the CEO, for relatives of a Director and/or a substantial Shareholder who are employed in managerial positions by the Company, or any of its subsidiaries.

A summary of the RC's activities during FY2019 is shown below:

- (i) Reviewed and recommended to the Board the directors' fee for the financial year ended 31 December 2019

The RC considers all aspects of remuneration (including directors' fees, salaries, allowances, bonuses, benefits in kind and termination payments) and will aim to be fair and avoid rewarding poor performance. The RC also review the Company's obligations arising in the event of termination of the executive directors, the CEO and key management personnel's contracts of service, to ensure that such contract of service contain fair and reasonable termination clauses.

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the RC did not seek the service of an external remuneration consultant in FY2019.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors, CEO and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. As part of its review, the RC ensures that the Directors, CEO and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. The RC also ensures that the Independent and Non-Executive directors are not overly-compensated to the extent that their independence may be compromised.

The Company adopts a remuneration policy for staff comprises mainly a fixed component and a variable component, taking into account factors such as the individual performance and the duties and responsibilities required of the position. The fixed component is paid in the form of a base salary which reflects market worth. The variable component comprises both short-term incentive and longer-term incentives, which is linked to Company and individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

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

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

Directors' fees of S\$169,500 for FY2019 are recommended by the Board and subject to the approval of Shareholders at the forthcoming AGM. The Board concurred with the RC that the proposed directors' fees for FY2019 is appropriate and not excessive, taking into consideration the level of contributions by the directors and factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors.

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

The Group is of the view that it is not necessary to incorporate contractual provisions to allow it to reclaim incentive components of remuneration from Executive Directors, CEO and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Executive Directors owe a fiduciary duty to the Company, and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

In addition, the Company has in place alternative corporate governance practices described herein, such as the establishment of whistle-blowing policy, rigorous selection criteria of its Directors and key management personnel, private discussions between the Independent Directors with the internal and external auditors and the granting of full access to all employees and documents of the Group to the Independent Directors, as checks and balances to prevent the occurrence of such instances.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Remuneration of Directors and CEO of the Company

A breakdown, showing the level and mix of each individual director's and CEO's remuneration paid for FY2019, is as follows:-

| Remuneration Band | Fee ⁽¹⁾ (%) | Salary & fixed allowance ⁽²⁾ (%) | Bonus & incentives ⁽²⁾ (%) | Total (%) |
|--|---------------------------|--|--|--------------|
| <u>S\$500,001 to S\$750,000</u> | | | | |
| Cheong Weixiong, Jeff | Nil | 100 | Nil | 100 |
| <u>S\$250,000 and below</u> | | | | |
| Li Anhua | 98 | 2 | Nil | 100 |
| Lee Jim Teck, Edward | 97 | 3 | Nil | 100 |
| Cheung Chi Kin | 98 | 2 | Nil | 100 |

(1) Directors fees are payable in 2020 after approval by Shareholders at the AGM.

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

Remuneration of Key Management personnel of the Group

The remuneration policy for key management personnel takes into consideration the responsibility and performance of individual personnel. The breakdown for the remuneration of the Company's key management personnel (who are not Directors and CEO of the Company) for FY2019:-

| Remuneration Bands | Salary & fixed allowance ⁽¹⁾ | Bonus & incentives ⁽¹⁾ | Total |
|-------------------------|---|-----------------------------------|-------|
| <u>Below S\$250,000</u> | | | |
| Lee Fut Hua | 100% | Nil | 100% |

Notes:

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

Save as disclosed above, there are no other key management personnel.

CORPORATE GOVERNANCE REPORT

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 and the aggregated total remuneration paid to the 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.

In FY2019, there was no termination, retirement or post-employment benefits granted to any director or key management personnel.

For FY2019, there was no employee in the Group who is a substantial shareholder of the Company or is an immediate family member of a Director, the CEO or a substantial shareholder, and whose annual remuneration exceeded S\$100,000.

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its stakeholders.

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.

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

The AC will ensure that a review of the effectiveness of the Group's risk management policies and procedures and internal controls in addressing material risks, including financial, operational, compliance and information technology risks are conducted annually. In this respect, the AC will also 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 FY2019, the Board has received:

- (a) assurance from the CEO and the Chief Financial Officer that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

CORPORATE GOVERNANCE REPORT

- (b) assurance from the CEO and the Chief Financial Officer that the Group's risk management and internal control systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the current scope of the Group's business operations.

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 control policies and procedures established and maintained by the Group, work performed by the external and internal auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2019.

Audit & Risk Management Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises 3 members, all of whom, including the Chairman are non-executive and independent directors.

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

The Chairman, Mr Li Anhua, has extensive experience in 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. None of the members of the AC is a former partner or director of the Company's external or internal auditors.

As a sub-committee of the Board of Directors, the AC assist the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group. The AC also reviews and supervises the internal audit functions of the Group.

The AC provides a channel of communication between the Board, Management and the external auditors on matters relating to audit.

The AC has adopted written terms of reference defining its membership, administration and duties. The duties and responsibilities of the AC include:

- (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) review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (c) review the assurance from the CEO and the CFO on the financial records and financial statements;

CORPORATE GOVERNANCE REPORT

- (d) discuss with the external auditors, prior to the commencement of audit, on the audit plan which states the nature and scope of the audit;
- (e) review the scope and results of the external audit;
- (f) review with external auditors, on the adequacy and effectiveness of the system of internal controls, the Management Letter and Management's response thereto;
- (g) 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;
- (h) review of the independence and objectivity of the external auditors;
- (i) Recommend to the Board on, the appointment, re-appointment and removal of the external auditors, and the remuneration and the terms of engagement of the external auditors;
- (j) review the adequacy, effectiveness, independence, scope and results of the company's internal audit function;
- (k) 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; and
- (l) any other functions that are requested by the Board, as may be required by statutes or the Catalist Rules.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director 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 approved a Whistle Blowing Policy to provide employees of the Group with an independent and confidential channel to our independent internal auditor to report suspected fraud, corruption, dishonest practices or irregularities involving the Company and its subsidiaries. The policy encourages the reporting of such matters by employees with confidence that the reporting made in good faith will be handled on a confidential and anonymous basis in compliance with applicable laws and the employees will not be penalized. Details of the Whistle Blowing Policy has been disseminated to all employees of the Group and reminders circulated to all existing employees and new employees on a semi-annual basis.

An external professional firm is appointed as the independent administrator of the policy and their contact e-mail address is sinjia@whistleblow.com.sg.

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

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

CORPORATE GOVERNANCE REPORT

The Company has complied with Rules 712 and 716 of the Catalist Rules on the appointment of the external auditors for the Group in FY2019. Nexia TS Public Accounting Corporation has been appointed as the auditors of the Company and its Singapore-incorporated subsidiary corporations. The Group has appointed different auditors for its overseas subsidiary corporations. The Board and the AC have reviewed the appointment of the different auditors for its overseas subsidiary corporations and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

For FY2019, 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. The internal auditors plan their internal audit schedule in consultation with, but independent of the Management. The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. 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 internal auditors report primarily to the Chairman of the AC and has unrestricted access to the documents, records, properties and personnel of the Company and of the Group.

The primary role of internal audit is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group, reviewing the internal controls of the Group to ensure prompt and accurate recording of transactions and proper safeguarding of assets and reviewing that the Group complies with the relevant laws, regulations and policies established.

The AC reviews annually and is satisfied that the internal audit function is independent and effective and the audit work is conducted with impartiality and adequately resourced. The AC is also satisfied that the internal auditors is staffed by qualified and experienced personnel. The internal auditors completed one review during the FY2019 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.

A summary of the AC's activities during FY2019 is shown below:

- (i) Reviewed the Group's financial performance, internal and external audit reports
- (ii) Reviewed with the Management and the external auditors, the financial results of the Group before submitting them to the Board for its approval and announcement of the financial results
- (iii) Conducted an annual review of the volume of non-audit services provided by the external auditors to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before recommending their re-nomination to the Board. Pursuant to Rule 1204(6)(a) of the Catalist Rules, the aggregate amount of paid to the external auditors of the Company in FY2019 were S\$65,000 comprising audit fees of S\$55,000 and non-audit fees of S\$10,000. A breakdown of the fees in total for audit and non-audit services is set out on page 69 of this Annual Report. The AC is satisfied with their independence and has recommended the re-appointment of the external auditors at the forthcoming Annual General Meeting of the Company.
- (iv) Reviewed the adequacy of the resources, experience of the external auditors and of the audit engagement partner assigned to the audit. The AC is satisfied that the external auditors are able to meet their audit obligations.
- (v) The AC met with the internal auditors and the external auditors, without the presence of Management.
- (vi) The external auditors updated the AC on changes and updates to the accounting standards, and other issues which might have a direct impact on the financial statements of the Group.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company's corporate governance practices promote fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET and the Company's website, especially 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 and circulars sent to all shareholders. They are given the opportunity to participate effectively and vote at general meetings of the Company. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were explained by the scrutineers at such general meetings.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend general meetings. Under the Companies Act, cap. 50, a member who is defined as a "relevant intermediary" may appoint more than 2 proxies to attend and participate in general meetings. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

All shareholders of the company 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 and the Company's website. Participation of shareholders is encouraged at the Company's general meetings. Resolutions tabled at general meetings are on each substantially separate issue. Each item of special business included in the notice of meeting will be accompanied by the relevant explanatory notes. This is to enable the shareholders to understand the nature and effect of the proposed resolutions.

To facilitate voting by shareholders, the Company's Constitution allows shareholders to appoint up to two proxies to attend and vote at the same general meeting. The Board of Directors (including the Chairman of the respective Board committees), Management, as well as the external auditors will attend the Company's Annual General Meeting to address any questions that shareholders may have. The attendance of the Directors at the last AGM is set out under Principle 1 of this report.

The Board is of the view that absentia voting at general meeting may only be possible following careful study to ensure that the integrity of the information and authentication of the identify of shareholders through the web is not compromised.

The **minutes of all general meetings** are posted on the Company's corporate website as soon as practicable. The minutes include comments and questions received from shareholders, together with responses from the Board and the Management, as well as details of the proceedings.

CORPORATE GOVERNANCE REPORT

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 and the Company's website.

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. Given that the Company was loss making for FY2019, the Board has decided not to recommend a dividend for the financial year ended 31 December 2019.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company endeavours to communicate regularly and proactively with its shareholders. Timely, as well as, detailed disclosure is made to the public in compliance with the Catalist Rules. The Company 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.

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

Shareholders are encouraged to attend and raise questions to the directors at the Company's general meetings. At these meetings, shareholders are given the opportunity to express their views and raise issues either formally or informally. These meetings provide opportunities for the Board to engage with shareholders and solicit their feedback.

The Company's website at www.sinjl.com is also another channel to solicit and understand the views of the shareholders.

CORPORATE GOVERNANCE REPORT

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board considers ongoing stakeholder engagement as an important activity to develop effective management strategies and pursue sustainable business practices. The Company's approach to stakeholder engagement is to ensure that it has a good understanding of the key stakeholders' concern and expectation, and develop practical and responsive sustainability strategies. In its pursuit of sustainable business practices, the Group has regularly engaged its stakeholders in the implementation of various initiatives and programs that ensure the sustainability of its business, the environment, and society.

The stakeholders have been identified as entities or individuals who are either directly or indirectly involved in the Group's business, have specific interests in the Group and may be significantly impacted by how the Group operates. The key stakeholders include the investors, shareholders, online booking agents, government, regulators, employees, customers and hostel guests. The Company identified and prioritised the factors and ranked them in accordance to importance to the stakeholders and importance to the Group.

The Group has undertaken a process to determine the economic, environmental, social and governance (EESG) factors which are important to these stakeholders. These factors form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

A more detailed elaboration on the Company's sustainability strategy and key areas of focus in relation to the management of stakeholder relationship is set out in the Sustainability Report 2019 which will publish separately from the annual report.

The Company will make available all media releases, financial results, annual reports, SGXNET announcements and other corporate information relating to the Group in the "Investor Relations" section of its corporate website at <http://sinjialand.listedcompany.com>.

DEALING IN SECURITIES

The Company has devised and adopted its own internal Code of Conduct on dealing in the securities of the Company (the "Code"). This code will provide guidance to the Group's directors and employees on their dealings in its securities. The key guidelines are:

- Directors and key officers are prohibited from trading in the Company's securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one month before the announcement of the Company's full-year financial statements. The prohibition ends on the day of the announcement of such results.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- Directors and key officers are required to observe the insider trading laws under the Securities and Futures Act (Chapter 289) at all times even when engaging in dealings of securities within the non-prohibitory periods. To enable the Company to monitor such share transactions, Directors and key officers are required to report to the Company whenever they deal in the Company's securities.

The Company has complied with the Code for the FY2019.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

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

The Group does not have a general mandate from Shareholders for IPT pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPTs entered into between the Company or its subsidiaries and any of its interested persons exceeding S\$100,000 during FY2019.

MATERIAL CONTRACTS

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

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsorship fee was payable or paid to Asian Corporate Advisors Pte. Ltd. in FY2019.

MISCELLANEOUS INFORMATION AND ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("CATALIST RULES") ON DIRECTORS SEEKING FOR RE-ELECTION

The following additional information on Mr Li Anhua and Mr Cheong Weixiong, all of whom are seeking re-election as Directors at the upcoming Annual General Meeting ("**AGM**"), is to be read in conjunction with their respective biographies in the section headed "Board of Directors" in this Annual Report.

| Name of Director | Li Anhua | Cheong Weixiong |
|---|--|--|
| Date of Appointment | 13-Aug-2009 | 04-Aug-2009 |
| Date of last re-appointment (if applicable) | 27-Apr-2018 | 27-Apr-2018 |
| Age | 72 | 39 |
| Country of principal Residence | China | Singapore |
| The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process) | The NC has recommended and the Board has agreed for Li Anhua to retire and seek re-election at the forthcoming AGM. | The NC has recommended and the Board has agreed for Cheong Weixiong to retire and seek re-election at the forthcoming AGM. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | <ul style="list-style-type: none"> • Chairman of Board • Chairman, Nominating Committee • Chairman, Audit Committee • Chairman, Remuneration Committee | Group Chief Executive Officer |

CORPORATE GOVERNANCE REPORT

| Name of Director | Li Anhua | Cheong Weixiong |
|--|--|---|
| Professional Qualifications | Bachelor's degree in Finance from the Jilin Finance and Trade School, China | Executive Master in Business Administration from the Singapore Management University |
| Working experience and occupation(s) during the past 10 years | over 30 years of experience in the senior administration of financial institutions | over 15 years of experience in the investment advisory industry |
| Shareholding interest in the listed issuer and its subsidiaries | Nil | 2,599,700 shares (1.47%) |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other Principal Commitments including Directorships | | |
| <ul style="list-style-type: none"> • Past (for the last 5 years) | <u>Directorships</u> Nil | <u>Directorships</u> Nil |
| <ul style="list-style-type: none"> • Present | <u>Directorships</u> Nil | <u>Directorships</u> Non-executive Chairman, Chairman of the NC and the RC of CWX Global Limited. <u>Present Directorship</u> <ul style="list-style-type: none"> • Non-executive Chairman, Chairman of the NC and the RC of CWX Global Limited • Non-executive Director of Fortune Asia Long Short Fund |

CORPORATE GOVERNANCE REPORT

| Name of Director | Li Anhua | Cheong Weixiong |
|---|----------|-----------------|
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given. | | |
| (a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given. | | |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |

CORPORATE GOVERNANCE REPORT

| Name of Director | Li Anhua | Cheong Weixiong |
|--|----------|-----------------|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given. | | |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |

CORPORATE GOVERNANCE REPORT

| Name of Director | Li Anhua | Cheong Weixiong |
|---|----------|-----------------|
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given. | | |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |

CORPORATE GOVERNANCE REPORT

| Name of Director | Li Anhua | Cheong Weixiong |
|---|--|---|
| <p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p> | | |
| <p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p> | No | No |
| <p>Any prior experience as a director of a listed Company?</p> <p><i>If yes, please provide details of prior experience.</i></p> <p><i>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</i></p> | <p>Yes.</p> <p>Mr Li Anhua is currently the Chairman and Independent Director of the Company, which is listed on the SGX-ST.</p> | <p>Yes.</p> <p>Mr Cheong Weixiong is currently the Group CEO of the Company and director of the following company listed on the SGX-ST:</p> <p>- CWX Global Limited</p> |

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2019 and the balance sheet of the Company as at 31 December 2019.

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 46 to 103 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 2019 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

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

In accordance with Article 115 of the Company's Articles of Association, Li Anhua and Cheong Weixiong, Jeff are due to retire at the forthcoming Annual General Meeting, and being eligible, offer himself for re-election.

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

| | Holdings registered in name of director | |
|--------------------------|--|-----------------------|
| | At <u>31.12.2019</u> | At <u>1.1.2019</u> |
| The Company | | |
| (No. of ordinary shares) | | |
| Cheong Weixiong, Jeff | 2,599,700 | 2,599,700 |

The directors' interests in the ordinary shares of the Company as at 21 January 2020 were the same as those as at 31 December 2019.

DIRECTORS' STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Share options

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

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

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

Audit Committee

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

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

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

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

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 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 2019

Independent auditor

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

On behalf of the directors

Cheong Weixiong, Jeff
Director

Li Anhua
Director

1 April 2020

INDEPENDENT' AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sinjia Land Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2019. 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. There are no key audit matters to be communicated in our report.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

INDEPENDENT' AUDITOR'S REPORT

TO THE MEMBERS OF SINJIA LAND LIMITED

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

- 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.

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 Titus Kuan Tjian.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

1 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 \$'000 | 2018 \$'000 (Restated) |
|---|------|----------------|------------------------------|
| Revenue | 3 | 681 | 616 |
| Cost of sales | 4 | (590) | (547) |
| Gross profit | | <u>91</u> | <u>69</u> |
| Other income | 6 | 39 | 40 |
| Other credits | 7 | 1,078 | 630 |
| Expenses | | | |
| - Distribution and marketing | 4 | (7) | (7) |
| - Administrative | 4 | (2,046) | (2,050) |
| - Finance | 8 | (19) | (8) |
| - Other charges | 7 | (3,344) | (2,063) |
| Loss before income tax | | <u>(4,208)</u> | <u>(3,389)</u> |
| Income tax expense | 9 | (2) | - |
| Net loss for the financial year | | <u>(4,210)</u> | <u>(3,389)</u> |
| Other comprehensive loss: | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Fair value losses, equity instrument | 17 | - | (262) |
| Other comprehensive loss, net of tax | | <u>-</u> | <u>(262)</u> |
| Total comprehensive loss | | <u>(4,210)</u> | <u>(3,651)</u> |
| (Loss)/profit attributable to: | | | |
| Equity holders of the Company | | (4,204) | (3,549) |
| Non-controlling interests | | (6) | 160 |
| | | <u>(4,210)</u> | <u>(3,389)</u> |
| Total comprehensive (loss)/income attributable to: | | | |
| Equity holders of the Company | | (4,204) | (3,811) |
| Non-controlling interests | | (6) | 160 |
| | | <u>(4,210)</u> | <u>(3,651)</u> |
| Loss per share attributable to equity holders of the Company (cents per share) | | | |
| Basic and diluted loss per share | 10 | <u>(2.37)</u> | <u>(2.00)</u> |

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

BALANCE SHEETS

AS AT 31 DECEMBER 2019

| | Note | <u>Group</u> | | <u>Company</u> | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Trade and other receivables | 11 | 1,475 | 2,912 | 1,648 | 3,074 |
| Other current assets | 12 | 202 | 202 | 62 | 66 |
| Financial assets, at fair value through profit or loss | 13 | 831 | 1,028 | 831 | 1,028 |
| Cash and cash equivalents | 14 | 2,184 | 3,823 | 2,041 | 3,705 |
| | | <u>4,692</u> | <u>7,965</u> | <u>4,582</u> | <u>7,873</u> |
| Assets of disposal group classified as held-for-sale | 15 | 792 | 792 | 853 | 853 |
| Property classified as held-for-sale | 16 | 1,010 | - | 1,010 | - |
| | | <u>6,494</u> | <u>8,757</u> | <u>6,445</u> | <u>8,726</u> |
| Non-current assets | | | | | |
| Financial assets at fair value through other comprehensive income | 17 | 337 | 11,245 | 337 | 11,245 |
| Investments in associated companies | 18 | 212 | - | - | - |
| Investments in subsidiary corporations | 19 | - | - | 4,091 | 4,091 |
| Plant and equipment | 20 | 437 | 16 | 3 | 8 |
| Investment property | 21 | 1,078 | 2,540 | 1,078 | 2,540 |
| | | <u>2,064</u> | <u>13,801</u> | <u>5,509</u> | <u>17,884</u> |
| Total assets | | <u>8,558</u> | <u>22,558</u> | <u>11,954</u> | <u>26,610</u> |

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

BALANCE SHEETS

AS AT 31 DECEMBER 2019

| | Note | <u>Group</u> | | <u>Company</u> | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 23 | 521 | 10,703 | 454 | 10,641 |
| Borrowings | 24 | 322 | 44 | 4,010 | 4,175 |
| | | <u>843</u> | <u>10,747</u> | <u>4,464</u> | <u>14,816</u> |
| Non-current liability | | | | | |
| Borrowings | 24 | 258 | 135 | 94 | 135 |
| | | <u>258</u> | <u>135</u> | <u>94</u> | <u>135</u> |
| Total liabilities | | <u>1,101</u> | <u>10,882</u> | <u>4,558</u> | <u>14,951</u> |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 26 | 25,247 | 25,247 | 25,247 | 25,247 |
| Treasury shares | 26 | (2,602) | (2,602) | (2,602) | (2,602) |
| Accumulated losses | | (12,507) | (11,741) | (12,442) | (11,626) |
| Other reserves | 27 | (2,807) | 640 | (2,807) | 640 |
| | | <u>7,331</u> | <u>11,544</u> | <u>7,396</u> | <u>11,659</u> |
| Non-controlling interests | 19 | 126 | 132 | - | - |
| Total equity | | <u>7,457</u> | <u>11,676</u> | <u>7,396</u> | <u>11,659</u> |
| Total equity and liabilities | | <u>8,558</u> | <u>22,558</u> | <u>11,954</u> | <u>26,610</u> |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| Note | ← Attributable to equity holders of the Company → | | | | | Non-controlling interests \$'000 | Total equity \$'000 |
|---|---|------------------------|---------------------------|-----------------------|--------------|----------------------------------|---------------------|
| | Share capital \$'000 | Treasury shares \$'000 | Accumulated losses \$'000 | Other reserves \$'000 | Total \$'000 | | |
| Group 2019 | | | | | | | |
| Balance at 31 December 2018 | 25,247 | (2,602) | (11,741) | 640 | 11,544 | 132 | 11,676 |
| Adoption of SFRS(I) 16 | - | - | (9) | - | (9) | - | (9) |
| Balance at 1 January 2019 | 25,247 | (2,602) | (11,750) | 640 | 11,535 | 132 | 11,667 |
| Total comprehensive loss for the financial year | - | - | (4,204) | - | (4,204) | (6) | (4,210) |
| Reclassification of reserves | - | - | 3,447 | (3,447) | - | - | - |
| Total transactions with owners, recognised directly in equity | - | - | 3,447 | (3,447) | - | - | - |
| Balance at 31 December 2019 | 25,247 | (2,602) | (12,507) | (2,807) | 7,331 | 126 | 7,457 |
| 2018 | | | | | | | |
| Balance at 1 January 2018 | 25,247 | (2,602) | (8,192) | 902 | 15,355 | (2,125) | 13,230 |
| (Loss)/profit for the financial year | - | - | (3,549) | - | (3,549) | 160 | (3,389) |
| Other comprehensive loss for the financial year | - | - | - | (262) | (262) | - | (262) |
| Total comprehensive (loss)/income for the financial year | - | - | (3,549) | (262) | (3,811) | 160 | (3,651) |
| Liquidation of a subsidiary corporation | - | - | - | - | - | 2,097 | 2,097 |
| Total transactions with owners, recognised directly in equity | - | - | - | - | - | 2,097 | 2,097 |
| Balance at 31 December 2018 | 25,247 | (2,602) | (11,741) | 640 | 11,544 | 132 | 11,676 |

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net loss after income tax | | (4,210) | (3,389) |
| Adjustments for: | | | |
| - Income tax expense | 9 | 2 | - |
| - Depreciation of plant and equipment | 20 | 277 | 26 |
| - Interest income | 6 | (28) | (40) |
| - Interest expense | 8 | 19 | 8 |
| - Write off of trade and other receivables | 7 | 929 | - |
| - Impairment loss on property classified as held-for-sale | 7 | 1,530 | - |
| - Gain on foreclosure sales on investment property | 7 | (1,078) | - |
| - Loss on liquidation of a subsidiary corporation | 7 | - | 1,301 |
| - Unrealised currency translation losses/(gains) | | 9 | (265) |
| - Financial assets, at fair value through profit or loss | 7 | 197 | 754 |
| - Write off of financial assets at fair value through other comprehensive income | 7 | 679 | - |
| Operating cash flows before working capital changes | | <u>(1,674)</u> | <u>(1,605)</u> |
| Change in working capital: | | | |
| - Trade and other receivables | | 505 | 114 |
| - Other current assets | | - | (50) |
| - Trade and other payables | | 47 | (505) |
| Cash flows used in operations | | <u>(1,122)</u> | <u>(2,046)</u> |
| Income tax paid | | (2) | - |
| Net cash used in operating activities | | <u>(1,124)</u> | <u>(2,046)</u> |
| Cash flows from investing activities | | | |
| Additions to plant and equipment | 20 | (5) | (3) |
| Acquisition of an associate | | (218) | - |
| Interest received | | 28 | 40 |
| Net cash (used in)/provided by investing activities | | <u>(195)</u> | <u>37</u> |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 \$'000 | 2018 \$'000 |
|--|------|----------------|----------------|
| Cash flows from financing activities | | | |
| Repayment of borrowings | | - | (60) |
| Principal payment of lease liabilities | | (301) | (39) |
| Interest paid | | (19) | (8) |
| Net cash used in financing activities | | (320) | (107) |
| Net decrease in cash and cash equivalents | | (1,639) | (2,116) |
| Cash and cash equivalents | | | |
| Beginning of financial year | | 3,823 | 5,939 |
| End of financial year | 14 | 2,184 | 3,823 |

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | 1 January 2019 \$'000 | Principal and interest payments \$'000 | Non-cash changes | | 31 December 2019 \$'000 |
|-------------------|-----------------------------|--|----------------------------------|-------------------------------|-------------------------------|
| | | | Adoption of FRS 116 \$'000 | Interest expense \$'000 | |
| Lease liabilities | 179 | (320) | 702 | 19 | 580 |

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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

1. General 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 19 to the financial statements.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") 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 SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 Leases

(a) When the Group is the lessee

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

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.16.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 *Determining whether an Arrangement contains a Leases*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

Adoption of SFRS(I) 16 Leases (continued)

(a) When the Group is the lessee (continued)

- ii) On a lease-by-lease basis, the Group has:
 - a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
 - d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

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

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019. For ROU assets which meet the definition of an investment property, the Group had measured the ROU assets at their fair values at 1 January 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.
- (iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor.

(c) When the Group is the intermediate lessor

The Group leases an underlying asset under a head lease arrangement and subleases the same asset to third parties as an intermediate lessor. Prior to the adoption of SFRS(I) 16, the sublease is classified as an operating lease when the head lease is an operating lease. The intermediate lessor recorded rental income in respect of the sublease on a straight-line basis over the term of the sublease and recorded rental expense in respect of the head lease on a straight-line basis over the term of the head lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2019 (continued)

Adoption of SFRS(I) 16 Leases (continued)

(c) When the Group is the intermediate lessor (continued)

Under SFRS(I) 16, accounting by the Group as an intermediate lessor depends on the classification of the sublease with reference to the ROU asset arising from the head lease rather than the underlying asset. On 1 January 2019, the Group has reassessed the classification of the sublease based on the remaining contractual terms and condition of the head lease.

The accounting policy for subleases are disclosed in Note 2.16.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows:

| | Increase \$'000 |
|---------------------|----------------------------|
| Plant and equipment | 693 |
| Borrowings | 702 |
| Accumulated losses | 9 |
| | <hr/> |

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the balance sheet as at 1 January 2019 are as follows:

| | \$'000 |
|---|---------------|
| Operating lease commitment disclosed as at 31 December 2018 | 723 |
| Less: Discounting effect using weighted average incremental borrowing rate of 2.25% | <u>(21)</u> |
| Lease liabilities recognised as at 1 January 2019 | <u>702</u> |

2.2 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Interest income

Interest income is recognised using the effective interest rate method.

(b) Lodging income

Revenue from lodging income is recognised when the Company satisfies the performance obligation at a point in time upon rendering of the services to the customers.

(c) Rental income

Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

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.

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

(iii) Disposals

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

(c) Associates

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associates is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

Investments in associates is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate company is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associates (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associates' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associates is recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in associates equals to or exceeds its interest in the associates, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associates. If the associates subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in associates includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associates are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associates is derecognised when the Group loses significant influence. If the retained equity interest in the former associates is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.5 Plant and equipment (continued)

(b) Depreciation

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

| | <u>Useful lives</u> |
|-------------------------------------|----------------------|
| Building and leasehold improvements | 19 months to 3 years |
| Motor vehicles | 5 years |
| Plant and equipment | 3 to 10 years |

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

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.6 Goodwill

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

Goodwill on acquisitions of associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates is included in the carrying amount of the investments.

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

2.7 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.8 Investments in subsidiary corporations and associated companies

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

2.9 Investment property

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

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

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

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

2.10 Impairment of non-financial assets

Plant and equipment

Right-of-use assets

Investments in subsidiary corporations and associated companies

Plant and equipment, right-of-use assets, investments in subsidiary corporations and associated companies 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 if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.11 Financial assets

(a) Classification and measurement

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

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

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

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

(ii) Equity investments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.11 Financial assets (continued)

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30(b) details how the Group determines whether there has been a significant increase in credit risk.

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

(c) Recognition and derecognition

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

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

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

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

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 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.

2.14 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 2019

2. Significant accounting policies (continued)

2.15 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.

2.16 Leases

(a) The accounting policy for leases before 1 January 2019 are as follows:

(i) *When the Group is the lessee:*

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

- *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.

- *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.

(ii) *When the Group is the lessor:*

The Group leases hostel premises under operating leases to non-related parties.

- *Lessor – Operating leases*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.16 Leases (continued)

(a) The accounting policy for leases before 1 January 2019 are as follows: (continued)

(ii) *When the Group is the lessor:* (continued)

- *Lessor – Operating leases* (continued)

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

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

(b) The accounting policy for leases from 1 January 2019 are as follows:

(i) *When the Group is the lessee:*

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

- *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Plant and equipment".

- *Lease liabilities*

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

Lease payments include the following:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.16 Leases (continued)

(b) The accounting policy for leases from 1 January 2019 are as follows: (continued)

(i) *When the Group is the lessee:* (continued)

- *Lease liabilities* (continued)

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

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- *Short term and low value leases*

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(ii) *When the Group is the lessor:*

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16 except when the Group is an intermediate lessor.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as an operating lease, the Group recognise lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.17 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 except for investment properties. Investment properties measured at fair value is presumed to be recovered entirely through sale.

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

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

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.19 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 Group 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.

(b) 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.

2.20 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 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 2019

2. Significant accounting policies (continued)

2.20 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 with loss of control of the foreign operation.

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 reporting date.

2.21 Segment reporting

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

2.22 Cash and cash equivalents

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

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. Significant accounting policies (continued)

2.24 Dividends to Company's shareholders

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

2.25 Non-current assets (or disposal groups) held-for-sale

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.

3. Revenue

Disaggregation of revenue from contracts with customers

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 (Restated) |
|---------------------------|----------------|--|
| <i>At a point in time</i> | | |
| Lodging service | 499 | 468 |
| <i>Over time</i> | | |
| Rental income | 182 | 148 |
| | <u>681</u> | <u>616</u> |

The revenue from lodging service and rental income are derived in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. Expense by nature

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 |
|---|----------------|--------------------------------|
| Fees on audit services paid/payable to: | | |
| - Auditor of the Company | 55 | 62 |
| - Other auditors | 1 | 1 |
| Fees on non-audit services paid/payable to: | | |
| - Auditor of the Company | 10 | 13 |
| Depreciation of plant and equipment (Note 20) | 277 | 26 |
| Employee compensation (Note 5) | 1,476 | 1,446 |
| Insurance | 14 | 15 |
| Professional fees | 260 | 307 |
| Rental expense | 31 | 295 |
| Statutory charges | 100 | 78 |
| Telephone | 17 | 17 |
| Travelling | 24 | 53 |
| Upkeep of motor vehicle | 62 | 63 |
| Utilities, power and light | 34 | 36 |
| Others | 282 | 192 |
| | <hr/> | <hr/> |
| Total cost of sales, distribution and marketing and administrative expenses | 2,643 | 2,604 |
| | <hr/> | <hr/> |

5. Employee compensation

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 |
|--|----------------|--------------------------------|
| Wages and salaries | 1,243 | 1,198 |
| Directors' fees | 170 | 170 |
| Employer's contribution to defined contribution plans including Central Provident Fund | 63 | 78 |
| | <hr/> | <hr/> |
| | 1,476 | 1,446 |
| | <hr/> | <hr/> |

6. Other income

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 |
|---|----------------|--------------------------------|
| Interest income on financial assets at amortised cost | | |
| - Bank deposits | 28 | 40 |
| Others | 11 | - |
| | <hr/> | <hr/> |
| | 39 | 40 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. Other credits and other (charges)

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 (Restated) |
|---|----------------|--|
| Currency exchange (losses)/gains - net | (9) | 265 |
| Impairment loss on property classified as held-for-sale (Note 16) | (1,530) | - |
| Gain on foreclosure sales on investment property (Note 21) | 1,078 | - |
| Loss on liquidation of a subsidiary corporation | - | (1,301) |
| Fair value losses on financial assets mandatorily measured at fair value through profit or loss (Note 13) | (197) | (754) |
| Write off of trade and other receivables | (929) | - |
| Write off of financial assets at fair value through other comprehensive income | (679) | - |
| Reversal of accruals | - | 320 |
| Others | - | 37 |
| | <u>(2,266)</u> | <u>(1,433)</u> |
| Presented in consolidated statement of comprehensive income as: | | |
| Other credits | 1,078 | 630 |
| Other charges | (3,344) | (2,063) |
| | <u>(2,266)</u> | <u>(1,433)</u> |

8. Finance expenses

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 |
|---|----------------|--------------------------------|
| Interest expenses | | |
| - Lease liabilities | 19 | 7 |
| - Bank borrowings | - | 1 |
| Finance expenses recognised in profit or loss | <u>19</u> | <u>8</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. Income tax expense

| | 2019 \$'000 | <u>Group</u> | 2018 \$'000 |
|---|----------------|--------------|----------------|
| Tax expense attributable to loss is made up of: | | | |
| - Under-provision in prior financial years: | | | |
| Current income tax | | | |
| - Singapore | 2 | | - |
| | <u>2</u> | | <u>-</u> |

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

| | 2019 \$'000 | <u>Group</u> | 2018 \$'000 |
|---|----------------|--------------|----------------|
| Loss before tax | <u>(4,208)</u> | | <u>(3,389)</u> |
| Tax calculated at tax rate of 17% (2018: 17%) | (715) | | (576) |
| Effects of : | | | |
| - Different tax rate in other country | * | | * |
| - Expenses not deductible for tax purposes | 919 | | 660 |
| - Income not subject to tax | (206) | | (102) |
| - Deferred tax assets not recognised | 2 | | 18 |
| - Under-provision of tax in prior financial years | 2 | | - |
| Tax charge | <u>2</u> | | <u>-</u> |

* Less than 1,000

The Group has unrecognised tax losses of \$118,000 (2018: \$106,000) at the balance sheet date which can be carried forward and used to offset against future taxable income, subject to meeting certain statutory requirements. The tax losses have no expiry date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. Loss per share

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

| | <u>Group</u> |
|---|--------------|
| <u>2019</u> | |
| Loss attributable to the equity holders of the Company (\$'000) | (4,204) |
| Weighted average number of ordinary shares ('000) | 177,073 |
| Basic and diluted loss per share (cents per share) | (2.37) |
| <u>2018</u> | |
| Loss attributable to the equity holders of the Company (\$'000) | (3,549) |
| Weighted average number of ordinary shares ('000) | 177,073 |
| Basic and diluted loss per share (cents per share) | (2.00) |

There were no dilutive potential ordinary shares during the financial years ended 31 December 2018 and 2019.

11. Trade and other receivables

| | <u>Group</u> | | <u>Company</u> | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Trade receivables | | | | |
| - Non-related parties | 43 | 15 | 17 | 14 |
| Other receivables | | | | |
| - Subsidiary corporations ^(a) | - | - | 309 | 284 |
| - Non-related parties | 1,432 | 2,897 | 1,428 | 2,882 |
| | 1,432 | 2,897 | 1,737 | 3,166 |
| Less: Allowance for impairment of other receivables – subsidiary corporation (Note 30(b)) | - | - | (106) | (106) |
| Other receivables – net | 1,432 | 2,897 | 1,631 | 3,060 |
| | 1,475 | 2,912 | 1,648 | 3,074 |

(a) Other receivables due from subsidiary corporations are unsecured, interest free and repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. Other current assets

| | <u>Group</u> | | <u>Company</u> | |
|-------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Deposits | 105 | 105 | 23 | 27 |
| Prepayments | 97 | 97 | 39 | 39 |
| | <u>202</u> | <u>202</u> | <u>62</u> | <u>66</u> |

13. Financial assets, at fair value through profit or loss

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

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

| | <u>Group and Company</u> | |
|--|--------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Beginning of financial year | 1,028 | 1,782 |
| Fair value losses (Note 7) | (197) | (754) |
| End of financial year | <u>831</u> | <u>1,028</u> |
| Current - Non-listed equity security, Singapore | <u>831</u> | <u>1,028</u> |

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

14. Cash and cash equivalents

| | <u>Group</u> | | <u>Company</u> | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Cash at bank and on hand | <u>2,184</u> | <u>3,823</u> | <u>2,041</u> | <u>3,705</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. Disposal group classified as held-for-sale

The carrying amount of investment in associated company, Ace Empire Capital Sdn. Bhd. is classified as disposal group held-for-sale on the balance sheet.

Ace Empire Capital Sdn. Bhd.

On 5 November 2018, the Group entered into a share sale agreement to dispose the associated company, Ace Empire Capital Sdn. Bhd. in exchange for two plots of shop-offices. The disposal process is expected to be completed in 2020.

| | <u>Group</u> | | <u>Company</u> | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Details of the assets of disposal group classified as held-for-sale are as follows: | | | | |
| Trade and other receivables | 792 | 792 | 792 | 792 |
| Investment in associated company | - | - | 61 | 61 |
| | <u>792</u> | <u>792</u> | <u>853</u> | <u>853</u> |

16. Property classified as held-for-sale

The Group has on 6 August 2019 entered into an agreement with an independent third party purchaser for the sale of an investment property namely, Baron Lodge Hotel. Accordingly, the investment property was reclassified to property classified as held-for-sale as at 31 December 2019. The fair value of investment property was derived using the proposed consideration and the sale is targeted to complete in 2020.

| | <u>Group and Company</u> | |
|---|--------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Beginning of financial year | - | - |
| Transfer from investment property (Note 21) | 2,540 | - |
| Impairment loss (Note 7) | (1,530) | - |
| End of financial year | <u>1,010</u> | <u>-</u> |

At the balance sheet date, the details of the Group's property classified as held-for-sale are as follows:

| <u>Location</u> | <u>Description/ Existing Use</u> | <u>Tenure</u> | <u>Gross Area</u> | <u>Site Size</u> |
|---|---------------------------------------|---------------|-------------------|------------------|
| 637 Bernie Street Killdeer, North Dakota 58640 | Barons Lodge Hotel (100% interest) | Freehold | 19,263 SF | 68,955 SF |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17. Financial assets at fair value through other comprehensive income

| | <u>Group and Company</u> | |
|--|--------------------------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Beginning of financial year | 11,245 | 11,507 |
| Fair value losses (Note 27(b)(ii)) | - | (262) |
| Write off of financial assets at fair value through other comprehensive income ^(a) | (10,908) | - |
| End of financial year | 337 | 11,245 |
| <u>Non-current assets</u> | | |
| Unlisted security | | |
| - Equity security – Tianjin Swan Lake Real Estate Development Co., Limited (“TJSL”) ^(b) | - | 10,908 |
| Listed security | | |
| - Equity security – Singapore ^(c) | 337 | 337 |
| | 337 | 11,245 |

- (a) The investment was offset with the partial consideration received for the disposal of Tianjin Swan Lake Real Estate Development Co., Limited (“TJSL”) which was recorded under trade and other payables in prior year. The consideration is being written off as the management is unable to assess the fair value of the financial asset and has doubt on the collection of the remaining consideration from the prospective buyer. The management is following up on the balance consideration from the prospective buyer. It will be recorded as “Other gains” if there is payment received from the disposal.
- (b) 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.
- (c) Received as partial consideration of the disposal of TJSL. Consists of 7,824,000 shares, initially valued at \$0.42 each, of a company listed on the Main Board of the SGX-ST.

18. Investments in associated companies

| | <u>Group</u> | |
|-----------------------------|--------------|--------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Equity investments at cost | | |
| Beginning of financial year | - | - |
| Addition | 212 | - |
| End of financial year | 212 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. Investments in associated companies (continued)

The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

| <u>Name of company</u> | <u>Principal activities</u> | <u>Country of business/ incorporation</u> | <u>% of ownership interest</u> | |
|---|-----------------------------|---|--------------------------------|------|
| | | | 2019 | 2018 |
| Ace Empire Capital Sdn Bhd ^(a) | Property developer | Malaysia | 30 | 30 |
| G&S Realty Limited ^(b) | Property agency | Thailand | 25 | 25 |

(a) In line with the restructuring exercise of the Group in the financial year 2015, the management has classified the investment in associated companies to "Disposal group classified as held-for-sale" (Note 15). The disposal of the associated company is expected to be completed in 2020.

(b) On 12 December 2018, the Group has entered into a share purchase agreement for the proposed acquisition of 49% stake in G & S Realty Limited. The 25% represent the 1st tranche of the consideration.

(c) There are no contingent liabilities relating to the Group's interest in the associated companies.

Summarised financial information for associated company

Summarised balance sheet

| | <u>G&S Realty Limited</u> | |
|-------------------------|-------------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Current assets | 809 | - |
| Current liabilities | (18) | - |
| Non-current assets | 131 | - |
| Non-current liabilities | (73) | - |

Summarised statement of comprehensive income

| | <u>G&S Realty Limited</u> | |
|---|-------------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Loss before income tax and total comprehensive loss | (52) | - |

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. Investments in associated companies (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associates, is as follows:

| | G&S Realty Limited | |
|----------------------------|-------------------------------|---------------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| Net assets | 849 | - |
| Group's equity interest | 25% | - |
| Group's share of net asset | 212 | - |

19. Investments in subsidiary corporations

| | Company | |
|-----------------------------------|----------------|---------------|
| | 2019 | 2018 |
| | \$'000 | \$'000 |
| <i>Equity investments at cost</i> | | |
| Beginning of financial year | 5,560 | 9,708 |
| Disposal | - | (4,148) |
| End of financial year | 5,560 | 5,560 |
| <i>Allowance for impairment</i> | | |
| Beginning of financial year | (1,469) | (5,617) |
| Disposal | - | 4,148 |
| End of financial year | (1,469) | (1,469) |
| <i>Carrying amount</i> | | |
| End of financial year | 4,091 | 4,091 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. Investments in subsidiary corporations (continued)

The Group had the following subsidiary corporations as at 31 December 2019 and 2018:

| <u>Name</u> | <u>Principal activities</u> | <u>Country of business/ incorporation</u> | <u>Proportion of ordinary shares directly held by parent %</u> | <u>Proportion of ordinary shares directly held by the Group %</u> | <u>Proportion of ordinary shares held by non-controlling interests %</u> |
|---|---|---|--|---|--|
| Sinja Properties Pte Ltd ^(a) | Dormant | Singapore | 100 | 100 | - |
| G4 Station Pte Ltd ^(a) | Lodging and boarding houses and backpackers' hostel | Singapore | 80 | 80 | 20 |
| Sinja Properties Sdn Bhd ^(b) (ASQ PLT) | Investment holding company | Malaysia | 100 | 100 | - |

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

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

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.

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying value of non-controlling interests | | |
| G4 Station Pte Ltd | 126 | 132 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. Plant and equipment

| | <u>Building and leasehold improvements</u> \$'000 | <u>Motor vehicles</u> \$'000 | <u>Plant and equipment</u> \$'000 | <u>Total</u> \$'000 |
|---|--|---------------------------------|--|------------------------|
| <u>Group</u> | | | | |
| 2019 | | | | |
| <i>Cost</i> | | | | |
| Beginning of financial year | 11 | 388 | 49 | 448 |
| Adoption of SFRS(I) 16 (Note 2.1) | 805 | - | - | 805 |
| | 816 | 388 | 49 | 1,253 |
| Additions | 5 | - | - | 5 |
| End of financial year | 821 | 388 | 49 | 1,258 |
| <i>Accumulated depreciation and impairment losses</i> | | | | |
| Beginning of financial year | 4 | 388 | 40 | 432 |
| Adoption of SFRS(I) 16 (Note 2.1) | 112 | - | - | 112 |
| | 116 | 388 | 40 | 544 |
| Depreciation charge | 271 | - | 6 | 277 |
| End of financial year | 387 | 388 | 46 | 821 |
| Net book value | | | | |
| End of financial year | 434 | - | 3 | 437 |
| <u>Group</u> | | | | |
| 2018 | | | | |
| <i>Cost</i> | | | | |
| Beginning of financial year | 8 | 388 | 2,520 | 2,916 |
| Additions | 3 | - | - | 3 |
| Disposals | - | - | (2,471) | (2,471) |
| End of financial year | 11 | 388 | 49 | 448 |
| <i>Accumulated depreciation and impairment losses</i> | | | | |
| Beginning of financial year | 2 | 376 | 2,499 | 2,877 |
| Depreciation charge | 2 | 12 | 12 | 26 |
| Disposals | - | - | (2,471) | (2,471) |
| End of financial year | 4 | 388 | 40 | 432 |
| Net book value | | | | |
| End of financial year | 7 | - | 9 | 16 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. Plant and equipment (continued)

| | <u>Motor vehicles</u> \$'000 | <u>Plant and equipment</u> \$'000 | <u>Total</u> \$'000 |
|---|-------------------------------------|--|------------------------|
| <u>Company</u> | | | |
| 2019 | | | |
| <i>Cost</i> | | | |
| Beginning and end of financial year | 388 | 49 | 437 |
| <i>Accumulated depreciation and impairment losses</i> | | | |
| Beginning of financial year | 388 | 41 | 429 |
| Depreciation charge | - | 5 | 5 |
| End of financial year | 388 | 46 | 434 |
| Net book value | | | |
| End of financial year | - | 3 | 3 |
| <u>Company</u> | | | |
| 2018 | | | |
| <i>Cost</i> | | | |
| Beginning of financial year | 388 | 51 | 439 |
| Disposal | - | (2) | (2) |
| End of financial year | 388 | 49 | 437 |
| <i>Accumulated depreciation and impairment losses</i> | | | |
| Beginning of financial year | 376 | 31 | 407 |
| Depreciation charge | 12 | 12 | 24 |
| Disposal | - | (2) | (2) |
| End of financial year | 388 | 41 | 429 |
| Net book value | | | |
| End of financial year | - | 8 | 8 |

- a) Right-of-use of assets acquired under building and leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 22(a).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. Investment property

| | <u>Group and Company</u> | |
|--|--------------------------|---------------|
| | <u>2019</u> | <u>2018</u> |
| | <u>\$'000</u> | <u>\$'000</u> |
| Beginning of financial year | 2,540 | 2,540 |
| Transfer to property classified as held-for-sale (Note 16) | (2,540) | - |
| Addition (Note 7) ^(a) | 1,078 | - |
| End of financial year | <u>1,078</u> | <u>2,540</u> |

(a) The investment property was received as a repayment for the convertible loan that the Group had subscribed from Barons Vista, together with the accrued interest receivables.

(b) At the balance sheet date, the details of the Group's investment property are as follows:

| <u>Location</u> | <u>Description</u> | <u>Tenure</u> | <u>Valuation Date</u> |
|---|--------------------|---------------|-----------------------|
| 30 th Avenue SW and Interstate 94 Dickinson, North Dakota 58601 | 125 acres land | Freehold | 20 December 2019 |

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

Valuation techniques and inputs used to derive Level 2 fair values

Level 2 fair values of the Group's properties were derived using the sales comparison approach. Sales prices of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is the comparative indicators that are abstracted from sales of similar sites and applied to the appraised site.

Valuation processes of the Group

The Group had engaged an external, independent and qualified valuer to determine the fair value of the Group's property based on the property's highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. Leases

a) Leases – The Group as a lessee

Nature of the Group's leasing activities

Building and leasehold improvements

The Group leases a hostel premise for the purpose of providing lodging and boarding houses and backpackers' hostel.

Motor vehicle

The Group leases a motor vehicle for the Chief Executive Officer.

(a) Carrying amounts

ROU assets classified within building and leasehold improvements

| | 31 December 2019 \$'000 | 1 January 2019 \$'000 |
|--|--|--------------------------------------|
| Building and leasehold improvements | 424 | 693 |
| | | |
| (b) Depreciation charge during the year | | 2019 \$'000 |
| Building and leasehold improvements | | 268 |
| | | |
| (c) Interest expense | | 2019 \$'000 |
| Interest expense on lease liabilities | | 19 |
| | | |
| (d) Lease expense not capitalised in lease liabilities | | 2019 \$'000 |
| Lease expense – short-term leases (Note 4) | | 31 |

(e) Total cash outflow for all the leases in 2019 was S\$351,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22. Leases (continued)

b) Leases – The Group as a lessor

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as operating leases

The Group acts as an intermediate lessor under arrangement in which it subleases out hostel premise to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the subleases are classified as an operating leases.

Income from subleasing the hostel premise recognised during the financial year 2019 was \$182,000 (2018: \$148,000).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

| | 31 December 2019 \$'000 | 1 January 2019 \$'000 |
|--------------------|-------------------------------|-----------------------------|
| Less than one year | 168 | 182 |
| One to two years | 110 | 168 |
| Two to three years | - | 110 |
| | 278 | 460 |
| | 278 | 460 |

23. Trade and other payables

| | <u>Group</u> | | <u>Company</u> | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Trade payables | | | | |
| - Non-related parties | 26 | - | 26 | - |
| Accruals for operating expenses | 287 | 312 | 253 | 281 |
| Other payables | | | | |
| - Non-related parties ^(a) | 208 | 10,391 | 175 | 10,360 |
| | 521 | 10,703 | 454 | 10,641 |
| | 521 | 10,703 | 454 | 10,641 |

- (a) Out of the total non-related parties other payables, \$Nil (2018: \$10,228,000) was partial consideration received from the prospective buyer in connection with the disposal of financial assets, FVOCI of investment in equity security of Tianjin Swan Lake Real Estate Development Co., Limited ("TJSL") (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24. Borrowings

| | <u>Group</u> | | <u>Company</u> | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| <i>Current</i> | | | | |
| Loan from subsidiary corporation ^(a) | - | - | 3,966 | 4,131 |
| Finance lease liabilities (Note 25) | - | 44 | - | 44 |
| Lease liabilities | 322 | - | 44 | - |
| | <u>322</u> | <u>44</u> | <u>4,010</u> | <u>4,175</u> |
| <i>Non-current</i> | | | | |
| Finance lease liabilities (Note 25) | - | 135 | - | 135 |
| Lease liabilities | 258 | - | 94 | - |
| | <u>258</u> | <u>135</u> | <u>94</u> | <u>135</u> |
| Total borrowings | <u>580</u> | <u>179</u> | <u>4,104</u> | <u>4,310</u> |

(a) The loan from subsidiary corporation is unsecured, interest-bearing at the monthly SIBOR rate plus 1.5% and repayable on demand.

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:

| | <u>Group</u> | | <u>Company</u> | |
|------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| 6 months or less | <u>-</u> | <u>-</u> | <u>3,966</u> | <u>4,131</u> |

(a) *Security granted*

Total borrowings include secured liabilities of \$580,000 (2018: \$179,000) and \$138,000 (2018: \$179,000) for the Group and the Company respectively. Lease liabilities of the Group and the Company are effectively secured over the leased motor vehicles (Note 20), as the legal title is retained by the lessor and will be transferred to the Group and the Company upon full settlement of the lease liabilities. The lease liabilities are secured over right-of-use of the hostel premises.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. 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.

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

| | Group and Company 2018 \$'000 |
|--|--|
| Minimum lease payments due | |
| - Not later than one year | 46 |
| - Between one and five years | 146 |
| | <hr/> |
| | 192 |
| Less: Future finance charges | (13) |
| | <hr/> |
| Present value of finance lease liabilities | 179 |

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

| | Group and Company 2018 \$'000 |
|-----------------------------------|--|
| Not later than one year (Note 25) | 44 |
| Later than one year (Note 25) | |
| - Between one and five years | 135 |
| | <hr/> |
| Total | 179 |

26. Share capital and treasury shares

| | <u>No. of ordinary shares</u> | | <u>Amount</u> | |
|-------------------------------------|--|-------------------------------------|--|---------------------------------------|
| | <u>Issued share capital '000</u> | <u>Treasury shares '000</u> | <u>Issued share capital \$'000</u> | <u>Treasury shares \$'000</u> |
| <u>Group and Company</u> | | | | |
| 2019 | | | | |
| Beginning and end of financial year | 192,051 | (14,978) | 25,247 | (2,602) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| 2018 | | | | |
| Beginning and end of financial year | 192,051 | (14,978) | 25,247 | (2,602) |
| | <hr/> | <hr/> | <hr/> | <hr/> |

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 2019

27. Other reserves

(a) *Composition:*

| | <u>Group</u> | | <u>Company</u> | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Currency translation reserves | * | * | - | - |
| Fair value reserve | (2,807) | 640 | (2,807) | 640 |
| | <u>(2,807)</u> | <u>640</u> | <u>(2,807)</u> | <u>640</u> |

(b) *Movements:*

(i) *Currency translation reserve*

| | <u>Group</u> | |
|---|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Beginning of financial year | * | * |
| Net currency translation difference of financial statements of foreign subsidiary corporation | * | * |
| End of financial year | <u>*</u> | <u>*</u> |

* Less than 1,000

(ii) *Fair value reserve*

| | <u>Group</u> | | <u>Company</u> | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Beginning of financial year | 640 | 902 | 640 | 902 |
| Reclassification of reserves | (3,447) | - | (3,447) | - |
| Fair value losses (Note 17) | - | (262) | - | (262) |
| End of financial year | <u>(2,807)</u> | <u>640</u> | <u>(2,807)</u> | <u>640</u> |

Other reserves are non-distributable.

28. Contingent liabilities

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

Company

Financial support

The Company has undertaken to provide financial support for subsidiary corporations in the Group with a total capital deficiency of \$149,422 as at the financial year end, so as to enable the subsidiary corporations to meet their obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. Commitments

(a) Capital commitments

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

| | 2019 \$'000 | <u>Group</u> 2018 \$'000 |
|-----------------------|----------------|--------------------------------|
| Investment properties | 889 | 890 |

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

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

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities are as follows:

| | <u>Group</u> \$'000 |
|----------------------------|------------------------|
| Not later than one year | 273 |
| Between one and five years | 450 |
| | <u>723</u> |

As disclosed in Note 2.1, the Group has adopted SFSR(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

(c) Operating lease commitments – where the Group is a lessor

The Group leases out hostel premise to non-related parties under non-cancellable operating leases. The lessees are required to pay absolute fixed lease payments.

As at 31 December 2018, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

| | <u>Group</u> \$'000 |
|----------------------------|------------------------|
| Not later than one year | 182 |
| Between one and five years | 278 |
| | <u>460</u> |

On 1 January 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 December 2019 is disclosed in Note 22(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. 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 the policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

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

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

| | SGD \$'000 | USD \$'000 | RMB \$'000 | Total \$'000 |
|---|----------------|---------------|---------------|-----------------|
| <u>Group</u> | | | | |
| <u>At 31 December 2019</u> | | | | |
| Financial assets | | | | |
| Trade and other receivables | 1,475 | - | - | 1,475 |
| Other current assets | 105 | - | - | 105 |
| Financial assets, at fair value through profit or loss | 831 | - | - | 831 |
| Cash and cash equivalents | 2,026 | 45 | 113 | 2,184 |
| Financial assets at fair value through other comprehensive income | 337 | - | - | 337 |
| | <u>4,774</u> | <u>45</u> | <u>113</u> | <u>4,932</u> |
| Financial liabilities | | | | |
| Trade and other payables | (521) | - | - | (521) |
| Borrowings | (580) | - | - | (580) |
| | <u>(1,101)</u> | <u>-</u> | <u>-</u> | <u>(1,101)</u> |
| Net financial assets | <u>3,673</u> | <u>45</u> | <u>113</u> | <u>3,831</u> |
| Currency exposure of financial assets net of those denominated in the respective entities' functional currencies | | | | |
| | <u>-</u> | <u>45</u> | <u>113</u> | <u>158</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. 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 \$'000 | USD \$'000 | RMB \$'000 | Total \$'000 |
|--|----------------|---------------|---------------|-----------------|
| <u>Company</u> | | | | |
| <u>At 31 December 2019</u> | | | | |
| Financial assets | | | | |
| Trade and other receivables | 1,648 | - | - | 1,648 |
| Other current assets | 23 | - | - | 23 |
| Financial assets, at fair value through profit or loss | 831 | - | - | 831 |
| Cash and cash equivalents | 1,898 | 30 | 113 | 2,041 |
| Financial assets at fair value through other comprehensive income | 337 | - | - | 337 |
| | <u>4,737</u> | <u>30</u> | <u>113</u> | <u>4,880</u> |
| Financial liabilities | | | | |
| Trade and other payables | (454) | - | - | (454) |
| Borrowings | (4,104) | - | - | (4,104) |
| | <u>(4,558)</u> | <u>-</u> | <u>-</u> | <u>(4,558)</u> |
| Net financial assets | <u>179</u> | <u>30</u> | <u>113</u> | <u>322</u> |
| Currency exposure of financial assets net of those denominated in the Company's functional currencies | | | | |
| | <u>-</u> | <u>30</u> | <u>113</u> | <u>143</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD and RMB change against SGD by 3% (2018: 6%) and 5% (2018: 6%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/ liabilities that are exposed to currency risk will be as follows:

| | Increase/(decrease) | |
|-----------------|---------------------|--------|
| | 2019 | 2018 |
| | Loss after tax | |
| | \$'000 | \$'000 |
| Group | | |
| USD against SGD | | |
| - strengthened | 1 | 2 |
| - weakened | (1) | (2) |
| RMB against SGD | | |
| - strengthened | 5 | 339 |
| - weakened | (5) | (339) |
| Company | | |
| USD against SGD | | |
| - strengthened | 1 | 1 |
| - weakened | (1) | (1) |
| RMB against SGD | | |
| - strengthened | 5 | 339 |
| - weakened | (5) | (339) |

(ii) Price risk

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

If prices for the financial assets at FVOCI listed in Singapore had changed by Nil % (2018: 60%), the effect on other comprehensive income would have been higher/lower by \$NIL (2018: \$167,000). If prices for the fair value through profit or loss equity securities had changed by 28% (2018: 84%), the effect on profit after tax would have been higher/lower by \$193,000 (2018: \$720,000). All variables including tax rate are held constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)

(a) Market risk (continued)

(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 fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

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

The Group's borrowings are at fixed rates. The Company's borrowings at variable rates are denominated mainly in SGD. If the SGD interest rates had been higher/lower by 1% (2018: 1%) with all other variables including tax rates being held constant, the loss after tax for the year would have been higher/lower by \$33,000 (2018: \$34,000) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

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

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

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

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

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

As at 31 December 2019, trade and other receivables and other current assets are not subject to any material credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. 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.

The movement in credit loss allowance is as follows:

| | Trade and other receivables \$'000 |
|---|---|
| <u>Group</u> | |
| Balance at 1 January 2018 | 1,010 |
| Liquidation of a subsidiary corporation | (1,010) |
| Balance as at 31 December 2018 and 31 December 2019 | <u>-</u> |
| <u>Company</u> | |
| Balance as at 1 January 2019 and 31 December 2019 | <u>106</u> |
| Balance at 1 January 2018 | 2,372 |
| Utilisation in the year | (2,266) |
| Balance as at 31 December 2018 | <u>106</u> |

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 14.

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 flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)*(c) Liquidity risk (continued)*

| | Less than 1 year \$'000 | Between 2 to 5 years \$'000 | Total \$'000 |
|----------------------------|--|--|-------------------------|
| <u>Group</u> | | | |
| At 31 December 2019 | | | |
| Trade and other payables | 521 | - | 521 |
| Borrowings | 329 | 267 | 596 |
| <hr/> | | | |
| At 31 December 2018 | | | |
| Trade and other payables | 10,703 | - | 10,703 |
| Borrowings | 46 | 146 | 192 |
| <hr/> | | | |
| <u>Company</u> | | | |
| At 31 December 2019 | | | |
| Trade and other payables | 454 | - | 454 |
| Borrowings | 4,132 | 102 | 4,234 |
| <hr/> | | | |
| At 31 December 2018 | | | |
| Trade and other payables | 10,641 | - | 10,641 |
| Borrowings | 4,287 | 146 | 4,433 |
| <hr/> | | | |

(d) Capital risk

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

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

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

| | Group | | Company | |
|----------------------|------------------------|------------------------|------------------------|------------------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Net (cash)/debt | (1,083) | 7,059 | 2,517 | 11,246 |
| Total equity | 7,457 | 11,676 | 7,396 | 11,659 |
| Total capital | 6,374 | 18,735 | 9,913 | 22,905 |
| <hr/> | | | | |
| Gearing ratio | N.M | 38% | 25% | 49% |
| <hr/> | | | | |

N.M – no meaningful

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)

(d) Capital risk (continued)

The Group and the Company do not have any externally imposed capital requirements.

Following the adoption of SFRS(I) 16, the net debt to equity ratio of the Group increased from 38% on 31 December 2018 to 40% on 1 January 2019.

(e) Fair value measurements

The table below presents assets recognised and measured 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).

| <u>Group and Company</u> | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|----------------------------|-------------------|-------------------|-------------------|-----------------|
| 31 December 2019 | | | | |
| Assets | | | | |
| Financial assets, at FVPL | - | 831 | - | 831 |
| Financial assets, at FVOCI | 337 | - | - | 337 |
| | 337 | 831 | - | 1,168 |
| 31 December 2018 | | | | |
| Assets | | | | |
| Financial assets, at FVPL | - | 1,028 | - | 1,028 |
| Financial assets, at FVOCI | 337 | - | 10,908 | 11,245 |
| | 337 | 1,028 | 10,908 | 12,273 |

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30. Financial risk management (continued)

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

| | <u>Group</u> | | <u>Company</u> | |
|---|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Financial assets, at fair value through profit or loss | 831 | 1,028 | 831 | 1,028 |
| Financial assets at fair value through other comprehensive income | 337 | 11,245 | 337 | 11,245 |
| Financial assets, at amortised cost | 3,764 | 6,840 | 3,712 | 6,806 |
| Financial liabilities at amortised cost | 1,101 | 10,882 | 4,558 | 14,951 |

31. Related party transactions

Key management personnel compensation

Key management personnel compensation is as follows:

| | <u>Group and Company</u> | |
|---|--------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Wages and salaries | 711 | 812 |
| Employer's contribution to defined contribution plans, including Central Provident Fund | 28 | 43 |
| | <u>739</u> | <u>855</u> |
| Analysed as: | | |
| Directors of the Company | 520 | 520 |
| Other key management personnel | 219 | 335 |
| | <u>739</u> | <u>855</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Segment information

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

The Group’s principal businesses are as follows:

- (1) The Hospitality Management (“HM”) segment manages and operates lodging and boarding houses and backpackers hostels.
- (2) The Corporate (“IH”) segment is involved in Group level corporate services, treasury functions and investments. It derives its income substantially from inter-company transactions.

| | <u>HM</u> \$'000 | <u>IH</u> \$'000 | <u>Group</u> \$'000 |
|---|---------------------|---------------------|------------------------|
| <u>2019</u> | | | |
| Sales to external parties | 681 | - | 681 |
| Adjusted EBITDA | 258 | (1,905) | (1,647) |
| Depreciation | (272) | (5) | (277) |
| ORBIT | (14) | (1,910) | (1,924) |
| Finance costs | (13) | (6) | (19) |
| Other items | - | (2,265) | (2,265) |
| Loss before tax from operations | | | (4,208) |
| Income tax expense | | | (2) |
| Loss for the financial year | | | (4,210) |
| Segment assets | <u>547</u> | <u>4,025</u> | <u>4,572</u> |
| Segment assets includes: Additions to: | | | |
| - Plant and equipment | 6 | - | 6 |
| Segment liabilities | <u>60</u> | <u>461</u> | <u>521</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Segment information (continued)

| | <u>HM</u> \$'000 (Restated) | <u>IH</u> \$'000 | <u>Group</u> \$'000 (Restated) |
|---------------------------------|-----------------------------------|---------------------|--------------------------------------|
| <u>2018</u> | | | |
| Sales to external parties | 616 | - | 616 |
| Adjusted EBITDA | (17) | (1,905) | (1,922) |
| Depreciation | (2) | (24) | (26) |
| ORBIT | (19) | (1,929) | (1,948) |
| Finance costs | - | (8) | (8) |
| Other items | 12 | (1,445) | (1,433) |
| Loss before tax from operations | | | (3,389) |
| Income tax expense | | | - |
| Loss for the financial year | | | (3,389) |
| Segment assets | <u>106</u> | <u>17,837</u> | <u>17,943</u> |
| Segment assets includes: | | | |
| Additions to: | | | |
| - Plant and equipment | 3 | - | 3 |
| Segment liabilities | <u>57</u> | <u>10,646</u> | <u>10,703</u> |

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Segment information (continued)

(a) Reconciliations

(i) Segment assets

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

Segment assets are reconciled to total assets as follows:

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Segment assets for reportable segments | 4,572 | 17,943 |
| Unallocated: | | |
| - Cash and cash equivalents (Note 14) | 2,184 | 3,823 |
| - Assets of disposal group classified as held-for-sale (Note 15) | 792 | 792 |
| - Property classified as held-for-sale (Note 16) | 1,010 | - |
| Total assets | <u>8,558</u> | <u>22,558</u> |

(ii) Segment liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Segment liabilities for reportable segments | 521 | 10,703 |
| Unallocated: | | |
| - Borrowings | 580 | 179 |
| Total liabilities | <u>1,101</u> | <u>10,882</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. Segment information (continued)

(b) Geographical information

The Group's business segments operate in Singapore.

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

| | <u>Non-current assets</u> | |
|---------------|---------------------------|----------------|
| | 2019 \$'000 | 2018 \$'000 |
| Singapore | 774 | 11,261 |
| Thailand | 212 | - |
| United States | 1,078 | 2,540 |
| | <u>2,064</u> | <u>13,801</u> |

(c) Changes in accounting policy

- (i) The adoption of the new leasing standard described in Note 2.1 had the following impact on the adjusted EBITDA in the current year:

| | Adjusted EBITDA before adoption of SFRS(I) 16 \$'000 | Rental expenses under SFRS(I) 1-17, when the Group is a lessee \$'000 | Adjusted EBITDA after adoption of SFRS(I) 16 \$'000 |
|------------------------|---|--|--|
| Hospitality Management | <u>(15)</u> | <u>273</u> | <u>258</u> |

- (ii) The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

| | Depreciation \$'000 | Finance expense \$'000 |
|------------------------|--------------------------------|---------------------------------------|
| Hospitality Management | <u>268</u> | <u>19</u> |

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. Event occurring after balance sheet date

- a) The emergence of COVID-19 subsequent to the financial year end is expected to impact the financial performance and operating environment of the Group in 2020. The Group is aware of the challenges posed by these developing events. As the situation is still evolving and remains uncertain, the Group is unable to quantify the full magnitude of the outbreak and has not considered the impact on the financial performance of the Group in 2020.
- b) On 24 February 2020, the Group was served with a complaint in connection with the proposed disposal of the property located in the city of Dunn, North Dakota 58640, 637 Bernie Street, Killdeer from the Purchaser, Trinity Investments LLC. The Complaint was filed in the District Court for the State of North Dakota, County of Cass, East Central Judicial District, against the Company to seek, amongst others, specific performance of the agreement. In accordance to the agreement, the completion of the proposed disposal was expected to take place on or before 31 October 2019. However, due to inter-alia, amongst other factors which are not within the Company's control, the time taken for the negotiation of variation to the terms of the agreement including an extension to the completion date, completion of the proposed disposal did not occur on or before 31 October 2019, which arose the complaint.

As far, the Group is in active negotiations and discussions with the purchaser for, amongst others, an extension of the completion date with the mutual intention of completing the proposed disposal under the agreement on materially the same terms with a view to avoiding legal proceedings. In this regard, the Group has convened an EGM to obtain the approval of shareholders for the proposed disposal on 20 March 2020.

34. New or revised accounting standards and interpretations

Amendments to SFRS(I) 3 *Business Combination* (effective for annual periods beginning on or after 1 January 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 January 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. Reclassifications and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended in the consolidated statement of comprehensive income and the related notes to the financial statements.

Comparative figures have been adjusted to conform to the current year's presentation. The items were reclassified as follows:

| | <u>Group</u> | |
|---------------|----------------------------------|-------------------------------------|
| | Previously reported \$'000 | After reclassification \$'000 |
| Revenue | 526 | 616 |
| Other credits | 720 | 630 |
| | <hr/> | <hr/> |

36. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Sinjia Land Limited on 1 April 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

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

DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|-----------------------|---------------------|---------------|--------------------|---------------|
| 1 - 99 | 1 | 0.10 | 80 | 0.00 |
| 100 - 1,000 | 52 | 5.36 | 45,700 | 0.02 |
| 1,001 - 10,000 | 415 | 42.78 | 2,924,660 | 1.65 |
| 10,001 - 1,000,000 | 483 | 49.80 | 32,379,300 | 18.29 |
| 1,000,001 AND ABOVE | 19 | 1.96 | 141,722,945 | 80.04 |
| TOTAL | 970 | 100.00 | 177,072,685 | 100.00 |

Shareholding held by the public

Based on information available to the Company as at 16 March 2020, approximately 66.34% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

Substantial shareholders

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

Notes:-

- (1) China Infrastructures Global Investment Capital Limited is deemed to be interested in the 36,000,000 Shares held under the name of its nominee, Philip Securities Pte. Ltd.
- (2) Co-Prosperity Investment (International) Limited is a wholly-owned subsidiary of Widerlink Group Limited. Accordingly, Widerlink Group Limited is deemed to be interested in the 21,000,000 Shares held by Co-Prosperity Investment (International) Limited by virtue of Section 4 of the Securities and Futures Act.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2020

TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|------------|---|----------------------|--------------|
| 1 | PHILLIP SECURITIES PTE LTD | 39,859,880 | 22.51 |
| 2 | MAYBANK KIM ENG SECURITIES PTE. LTD. | 34,486,000 | 19.48 |
| 3 | RHB SECURITIES SINGAPORE PTE. LTD. | 9,230,200 | 5.21 |
| 4 | JIMMY LEE PENG SIEW | 7,855,000 | 4.44 |
| 5 | TAN BEE SIEW | 7,500,000 | 4.24 |
| 6 | LIM TIONG KHENG STEVEN | 7,195,400 | 4.06 |
| 7 | ANG ZHI CHENG | 6,518,300 | 3.68 |
| 8 | RAFFLES NOMINEES (PTE.) LIMITED | 6,217,000 | 3.51 |
| 9 | ANG KONG MENG | 4,510,000 | 2.55 |
| 10 | DBS NOMINEES (PRIVATE) LIMITED | 2,668,400 | 1.51 |
| 11 | CHEONG WEIXIONG (ZHANG WEIXIONG) | 2,599,700 | 1.47 |
| 12 | TAN SZE SENG | 2,471,765 | 1.40 |
| 13 | LOI PENG CHOON | 2,230,000 | 1.26 |
| 14 | TAN JIANYOU | 2,212,000 | 1.25 |
| 15 | OCBC SECURITIES PRIVATE LIMITED | 1,523,400 | 0.86 |
| 16 | UOB KAY HIAN PRIVATE LIMITED | 1,295,000 | 0.73 |
| 17 | TEO YONG PING (ZHANG RONGBIN) | 1,150,000 | 0.65 |
| 18 | UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 1,137,900 | 0.64 |
| 19 | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 1,063,000 | 0.60 |
| 20 | LEE YOCK | 1,000,000 | 0.56 |
| | TOTAL | 142,722,945 | 80.61 |

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of the shareholders of the Company be held at RNN Conference Centre, 137 Cecil Street, HengDa Building, Level 4, Kyoto Room, Singapore 069537 on Monday, 29 June 2020 at 2.00 p.m. to transact the following businesses:

AS ORDINARY BUSINESS

- | | | |
|----|--|--------------|
| 1. | To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 together with the Auditors' Report thereon. | Resolution 1 |
| 2. | To re-elect Mr Li Anhua, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. [See explanatory note (i)] | Resolution 2 |
| 3. | To re-elect Mr Cheong Weixiong, who is retiring in accordance with Article 115 of the Company's Constitution, as a Director of the Company. [See explanatory note (ii)] | Resolution 3 |
| 4. | To approve the payment of Directors' fee of S\$169,500 for the financial year ended 31 December 2019 (2018: S\$169,500). | Resolution 4 |
| 5. | To re-appoint Nexia TS Public Accounting Corporation as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 5 |
| 6. | To transact any other ordinary business which may be properly be transacted at an Annual General Meeting of the Company. | |

AS SPECIAL BUSINESS

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

- | | | |
|----|--|--------------|
| 7. | Authority to allot and issue shares | Resolution 6 |
| | (a) "That pursuant to Section 161 of the Companies Act, Cap. 50. ("Companies Act") and Rule 806 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules"), authority be and is hereby given to the Directors of the Company to: | |
| | (i) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or | |
| | (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, | |

NOTICE OF AGM

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) provided that:

- (i) the aggregate number of Shares to be issued pursuant to Resolution 6 (including Shares to be issued in pursuance of the Instruments made or granted pursuant to Resolution 6) does not exceed 100 per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to Resolution 6) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below); and
- (ii) (subject to such manner of calculations as may be prescribed or directed by the SGX-ST), for the purpose of determining the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time of the passing of Resolution 6 after adjusting for:-
 - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new Shares arising from exercising share options or vesting of share awards, provided that such share options or share awards 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;

Adjustments in accordance with the above 7(b)(ii)(a) or 7(b)(ii)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (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)]

By Order Of the Board

LEE FUT HUA
Company Secretary

Date: 14 April 2020

Explanatory Notes:

- (i) Mr Li Anhua (“**Mr Li**”), if re-elected, will remain as the Chairman of the Remuneration Committee, the Audit Committee and the Nominating Committee. The Board considers Mr Li to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalyst. The key information of Mr Li can be found under the sections entitled “Board of Directors”, “Corporate Governance Report – Principle 4” and “Directors’ Statement” of the Company’s Annual Report 2019. Mr Li does not have any relationships, including immediate family relationships with the Directors, the Company or its 10% shareholders.
- (ii) Mr Cheong Weixiong (“**Mr Cheong**”), if re-elected, will remain as the Group Chief Executive Officer. The key information of Mr Cheong can be found under the sections entitled “Board of Directors”, “Corporate Governance Report – Principle 4” and “Directors’ Statement” of the Company’s Annual Report 2019.
- (iii) Resolution 6, if passed, will empower the Directors, from the date of this Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier, to allot and issue Shares and to make grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to an aggregate number not exceeding 100% of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), with a sub-limit of 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders of the Company. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time Resolution 6 is passed, after adjusting for (a) new Shares arising from the conversion or exercise of any convertible securities, and (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time Resolution 6 is passed, and (c) any subsequent bonus issue, consolidation or sub-division of Shares.

Notes:

- (a) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at a general meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member of the Company (other than a Relevant Intermediary*) appoints more than one (1) proxy, he/she shall specify the proportion of his/her Shares to be represented by each proxy, failing which, the nomination shall be deemed to be alternative.
- (b) Pursuant to Section 181 of the Companies Act, any member who is a Relevant Intermediary is entitled to appoint one (1) or more proxies to attend, speak and vote at a general meeting (but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him/her (which number and class of Shares shall be specified)).
- (c) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 16 Kallang Place, #01-16 Singapore 339156 not less than 48 hours before the meeting.
- (d) A proxy need not be a member of the Company. The instrument appointing a proxy or proxies must be under the hand of the appointor or on his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of an officer or attorney duly authorised.

NOTICE OF AGM

* A Relevant Intermediary is either:

- (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; or
- (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or
- (iii) the Central Provident Fund (“**CPF**”) Board established by the Central Provident Fund Act (Cap. 36) (“**CPF Act**”), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board of Directors holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy:

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

This notice has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“Exchange”) Listing Manual Section B: Rules of Catalyst for compliance with the relevant rules of the Exchange. The Company’s Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

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

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

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SINJIA LAND LIMITED

Registration No. 200402180C
(Incorporated in Singapore)

PROXY FORM

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.

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

of _____ (Address)

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

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

and/or*

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

as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at RNN Conference Center, 137 Cecil Street, Heng Da Building, Level 4, Kyoto Room, Singapore 069537 on Monday, 29 June 2020 at 2:00 p.m. and at any adjournment thereof.

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

| No. | Resolutions | Number of Votes For | Number of Votes Against | Number of Votes Abstained |
|--------------------------|---|---------------------|-------------------------|---------------------------|
| ORDINARY BUSINESS | | | | |
| 1 | Adoption of the Directors' Statements and Audited Financial Statements of the Company for the Financial Year Ended 31 December 2019 and the Auditors' Report thereon. | | | |
| 2 | Re-election of Mr Li Anhua as a Director. | | | |
| 3 | Re-election of Mr Cheong Weixiong as a Director. | | | |
| 4 | Approval of Directors' fees for the financial year ended 31 December 2019. | | | |
| 5 | Re-appointment of Nexia TS Public Accounting Corporation as Auditors and to authorize the Directors to fix their remuneration. | | | |
| 6 | Authority to allot and issue new shares. | | | |

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

Dated this _____ day of _____ 2020.

Total number of Shares held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the general meeting. Where a member of the Company (other than a Relevant Intermediary) appoints more than one (1) proxy, he/she shall specify the proportion of his/her Shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative. A proxy need not be a member.
3. Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a Relevant Intermediary is entitled to appoint one or more proxies to attend, speak and vote at a general meeting (but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him/her (which number and class of Shares shall be specified)). A Relevant Intermediary is either:
 - (i) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Cap. 289) and holds in that capacity; or
 - (iii) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act (Cap. 36), (“CPF Act”) in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Board of Directors holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 16 Kallang Place, #01-16 Singapore 339156 not less than 48 hours before the time set for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorized in writing or by an authorised officer of the corporation.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

General:

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2020.

CORPORATE ADDRESSES

SINJIA LAND LIMITED

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

HOSPITALITY MANAGEMENT UNIT

G4 STATION PTE. LTD.

11 Mackenzie Road
Singapore 228675
Telephone: (65) 6224 7320
Facsimile: (65) 6224 7231

PROPERTY BUSINESS UNIT

SINJIA PROPERTIES PTE. LTD.

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Singapore 339156
Telephone: (65) 6224 7320
Facsimile: (65) 6224 7231

SINJIA PROPERTIES SDN. BHD.

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