YINDA INFOCOMM

ACHIEVING GREATER HEIGHTS

ANNUAL REPORT **2018**

OUR VISION

To be a leading integrator and one-stop provider for infocommunication technology solutions.

OUR MISSION

To lead, deliver quality services and create innovative solutions that enhance the quality of our customers' experience and ensure seamless connectivity in the region.

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**" or "**SGX-ST**"). The Sponsor has not independently verified the contents of this annual report.

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 Alicia Sun (telephone no.: (65) 6532 3829) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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CORPORATE PROFILE

Yinda Infocomm Limited (the "**Company**" and together with its subsidiaries, the "**Group**") (previously known as CMC Infocomm Limited) is a regional integrated and innovative communications solutions and services provider with operations in Singapore, Malaysia, the Philippines and Thailand. Our capabilities include:

IN-BUILDING COVERAGE

Provision of full turnkey in-building coverage services from planning and design to construction and implementation of customers' indoor mobile network infrastructure;

OUTDOOR CONSTRUCTION

Provision of full turnkey services from planning and design to construction and implementation of customers' outdoor mobile network infrastructure;

TELECOMMUNICATIONS IMPLEMENTATION

Provision of telecommunications implementation works for the installation and commissioning of radio base transceiver stations; and

MAINTENANCE SERVICES

Provision of corrective and preventive maintenance services to ensure network reliability and minimal network disruptions.

Over the years, Yinda Infocomm Limited ("**Yinda Infocomm**") has established a firm reputation in providing consistent and reliable solutions and services. With over 20 years of experience in the telecommunications industry, Yinda Infocomm has completed numerous projects in Singapore, the Philippines and Thailand since 2011.

Yinda Infocomm was listed in August 2015 on the Catalist Board of the SGX-ST.

The Group was acquired by Yinda Pte. Ltd. through a mandatory general offer completed on 20 June 2017. Yinda Pte. Ltd. is a wholly-owned subsidiary of Shanghai Yinda Science and Technology Industrial Co. Ltd. ("**Shanghai Yinda**"). Shanghai Yinda is in turn held by Shanghai Yinda Technology Group Co. Ltd. ("**Shanghai Yinda Group**"). Shanghai Yinda Group is engaged in the information technology, telecommunications and related businesses. Yinda Pte. Ltd. currently holds 120,437,180 shares, representing approximately 79.23% of the total number of issued shares of the Company.

LETTER TO SHAREHOLDERS

TOGETHER, WE WILL CONTINUE TO WORK RELENTLESSLY TO CREATE GROWTH, VALUE AND RETURNS ENHANCEMENT FOR THE COMPANY AND ALL OUR STAKEHOLDERS.

DEAR SHAREHOLDERS,

On behalf of the board of directors, we are pleased to present the annual report of Yinda Infocomm for the financial year ended 31 May ("**FY**") 2018.

FY2018 BUSINESS REVIEW

FY2018 has been a significant year for Yinda Infocomm Limited (the "**Company**" and together with its subsidiaries, the "**Group**") (previously known as CMC Infocomm Limited) as this was the first financial year after the completion of the mandatory unconditional cash offer by Yinda Pte. Ltd. ("**MGO**") which brought about an entirely new management team and board of directors.

Amidst the challenges of restructuring the Group, the realignment of work processes and procedures under the new management team, adapting to local work cultures, as well as working towards the new strategic direction imposed by the new board, the Group has done relatively well in terms of achieving a revenue growth of 17.3% to S$16.7 million as compared to the FY2017.

FINANCIAL PERFORMANCE

For the financial year ended 31 May ("**FY**") 2018, the Group's revenue increased by 17.3% from S$14.2 million to S$16.7 million mainly due to higher revenue contribution from both In-Building Construction ("**IBC**") and Telecommunications Implementation ("**TI**") projects. Revenue from both segments increased by S$0.7 million and S$1.7 million respectively due to increased efforts in marketing paying off and the completion of a number of projects. Despite the increase in revenue, the Group still reported a loss of S$2.43 million due mainly to increased competitiveness in the industry which eroded the Group's overall profit margin and administrative expenses incurred for legal and professional fees in relation to the MGO.

FUTURE PROSPECTS

As of 2018, the Group has reduced the reliance of sub-contractors and send Yinda Infocomm's team for the implementation of projects. This helps to lower down operation costs and improve cashflow that can be diverted into other projects.

In order to design new workflow processes, our subsidiary, Yinda Technology Singapore Pte. Ltd. acquired resources from China, Thailand and the Philippines counterparts to facilitate the process. This would help in increasing labour efficiencies and reduce the cost of production.

The Group will continue to focus its efforts in servicing to its existing customers based in Singapore, Thailand and the Philippines, as well as to explore into new markets. The change in controlling shareholders of the Company will also bring a fresh perspective on the Group's business and introduction of new customers, and help the Group in its business strategy to stay relevant amidst the current economic uncertainties.

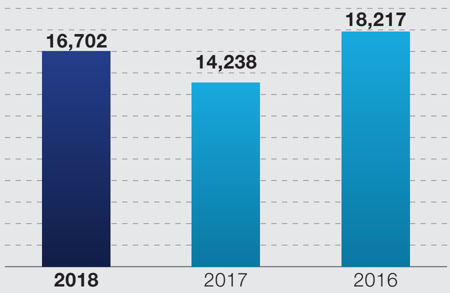
REGIONAL **PRESENCE**

OUR PRESENCE IN THESE MARKETS NURTURES OUR ABILITY TO ADAPT TO DIVERSE OPERATING CONDITIONS, ENABLING US TO RESPOND QUICKLY TO THE CHANGING NEEDS AND REQUIREMENTS OF OUR CUSTOMERS AND SECURE PROJECTS ON PROVIDING SOLUTIONS AND SERVICES BEYOND SINGAPORE. THROUGH OUR REGIONAL BUSINESS NETWORKS, WE ARE ABLE TO ENJOY ECONOMIES OF SCALE WHICH ALLOWS US TO PROVIDE COST-EFFECTIVE SOLUTIONS AND SERVICES TO OUR CUSTOMERS.

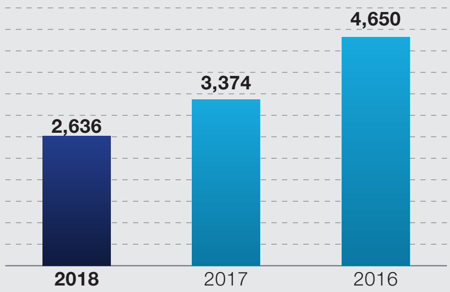
FINANCIAL HIGHLIGHTS

FOR THE YEAR (S$'000)	2018	2017	2016
Revenue	16,702	14,238	18,217
Gross profit	2,636	3,374	4,650
Gross profit margin (%)	15.8	23.7	25.5
Earnings/(Loss) before interest, tax, depreciation & amortisation (EBITDA)	(2,093)	(3,235)	(469)
Loss before tax	(2,552)	(4,330)	(1,465)
Loss for the year	(2,433)	(4,322)	(1,497)
Loss attributable to owners of the company	(2,433)	(4,322)	(1,497)
AT YEAR END (S$'000)			
Current assets	13,804	14,269	17,328
Total assets	15,057	15,475	21,695
Current liabilities	9,318	7,194	9,121
Total liabilities	9,632	7,735	9,696
Total debts (Including shareholder's loan)	1,355	2,131	2,117
Equity attributable to owners of the company	5,425	7,740	11,999
Total equity	5,425	7,740	11,999
Number of shares as at 31 May	152,000,000	152,000,000	152,000,000
PROFITABILITY RATIOS			
Return on shareholders' equity (%)	(44.8)	(55.8)	(12.5)
Return on total assets (%)	(16.2)	(27.9)	(6.9)
LEVERAGE RATIOS			
Long-term debt to equity ratio (times)	0.03	0.04	0.03
Total debts to equity ratio (times)	0.2	0.3	0.2
LIQUIDITY ANALYSIS RATIOS			
Current ratio (times)	1.5	2.0	1.9
Net asset value per share (cents)	3.6	5.1	7.9

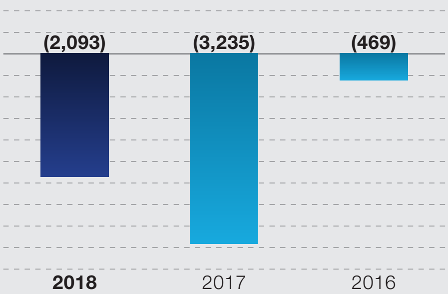
REVENUE (S$'000)



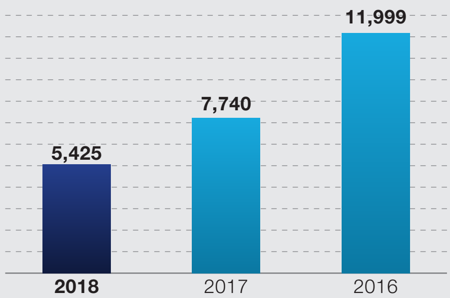
GROSS PROFIT (S$'000)



EBITDA (S$'000)



SHAREHOLDERS' EQUITY (S$'000)



FINANCIAL REVIEW

INCOME STATEMENT

For the financial year ended 31 May ("**FY**") 2018, the Group's revenue increased by 17.3% to S$16.7 million mainly due to higher revenue contribution from both In-Building Construction ("**IBC**") and Telecommunications Implementation ("**TI**") projects increased by S$0.7 million and S$1.7 million respectively. The increase was mainly due to completion of a number of projects in second half of FY2018 as well as result of the Group's increased efforts in business development and operational activities across the regions.

Cost of sales increased by approximately 29.4% from S$10.9 million in FY2017 to S$14.1 million in FY2018 in the line with the increase in revenue.

Gross profit decreased by 23.5% from S$3.4 million in FY2017 to S$2.6 million in FY2018 as the increase in the cost of sales was more than the increase in revenue. Gross profit margins decreased from 23.7% in FY2017 to 15.8% in FY2018. This was mainly due to increased competitiveness in the industry, tougher market conditions and higher cost in labour in Singapore.

Other income decreased by 16.7% from S$0.12 million in FY2017 to S$0.1 million in FY2018 was due to lower sundry income recorded in Philippines.

Other operating expenses decreased by 97.1% from S$3.1 million in FY2017 to S$0.09 million in FY2018 mainly due to the decrease in amortization of intangible assets by S$0.6 million as well as the absence of the major expense items present in FY2017 which are the impairment loss of the Group's intangible assets of S$2.4 million and the aggregate impairment of investment in joint venture and notes receivable of S$0.1 million in the Philippines resulting from the termination of the joint venture with Argosy Properties, Inc.

Administrative expenses increased by approximately 10.9% from S$4.6 million in FY2017 to S$5.1 million in FY2018. There was a mainly due to an increase in legal and professional fees during the transition period of change of shareholders to Yinda Pte. Ltd.

BALANCE SHEET

Non-current assets increased by 8.3% from S$1.2 million as at 31 May 2017 to S$1.3 million as at 31 May 2018. This was mainly due to the increase of property, plant and equipment of $88,000 and offset by the decrease in the carrying value of the intangible asset as a result of amortisation charges of $46,000.

Current assets decreased from S$14.3 million as at 31 May 2017 to S$13.8 million as at 31 May 2018. This was mainly attributable by the decrease in gross amount due from customers for contracts work -in-progress of S$2.7 million which is representative of the increase of billing for work done towards end of the financial year. Cash and cash equivalents also decreased mainly due to increase in trade and other receivables from S$4.8 million as at 31 May 2017 to S$8.8 million as at 31 May 2018. This was due to increase in revenue where a number of the projects were completed towards end of the financial year as well as slower collection from customers.

Current liabilities increased by 29.52% from S$7.2 million as at 31 May 2017 to S$9.3 million as at 31 May 2018. This was mainly due to a net increase in shareholder's loan from Yinda Pte. Ltd. of S$1.0 million and short-term advances of S$2.7 million from the shareholder, Yinda Pte. Ltd. which has been included in trade and other payables respectively, partially offset by a repayment of shareholder's loan, short-term advances and bank borrowing amounted S$2.4 million.

Non-current liabilities decreased by 40.0% from S$0.5 million as at 31 May 2017 to S$0.3 million as at 31 May 2018 mainly due to repayments of bank borrowings.

STATEMENT OF CASH FLOWS

Net cash flows used in operating activities amounted to S$3.1 million. This includes mainly operating cash outflows before changes in working capital of S$2.0 million and changes in working capital of negative S$1.0 million.

Net cash flows generated from financing activities amounted to S$1.7 million. This was mainly due to net proceeds from loan and advances from the shareholder, Yinda Pte. Ltd. amounted S$1.5 million and S$2.8 million respectively. This is offset by repayment of bank borrowings of S$0.9 million, repayment of advances from the shareholder, Yinda Pte. Ltd. of S$0.1 million and a repayment of loan from shareholders of S$1.4 million.

Net cash flows used in investing activities amounted to S$0.3 million mainly due to purchases of plant and equipment.

As a result of the above, there was a net decrease of S$1.7 million in cash and cash equivalents. As at 31 May 2018, the Group's cash and cash equivalents amounted to S$0.5 million.

YEAR IN REVIEW

2018

AUGUST

- Appointment of Mr Qian Zimin as Acting Chief Executive Officer

JULY

- Resignation of Mr Qian Zhongcheng as Executive Director and Chief Executive Officer

JUNE

- Change of name of its subsidiary, CMC Infocomm Sdn. Bhd. to Yinda Technology Malaysia Sdn. Bhd.

APRIL

- Appointment of Mr Fredrick Lau Si Kah as Deputy Chief Financial Officer
- Redesignation of Mr Qian Zhongcheng from Acting Chief Executive Officer to Chief Executive Officer

2017

MAY

- Yinda Pte. Ltd. acquired an aggregate of 113,104,000 shares from TEE International Limited and CMC Engineering Sdn Bhd representing approximately 74.41% of all the ordinary shares in the capital of the Company
- Mandatory unconditional cash offer by Yinda Pte. Ltd. for all the issued and paid-up ordinary shares in the capital of the Company

JUNE

- Close of Offer of mandatory unconditional cash offer by Yinda Pte. Ltd. for all the issued and paid-up ordinary shares in the capital of the Company

JULY

- Change of name of its wholly owned subsidiary, CMC Communications (Singapore) Pte. Ltd. to Yinda Technology Singapore Pte. Ltd.

AUGUST

- Change of name of its subsidiary, CMC Communications (Thailand) Co., Ltd. to Yinda Technology (Thailand) Co., Ltd.

SEPTEMBER

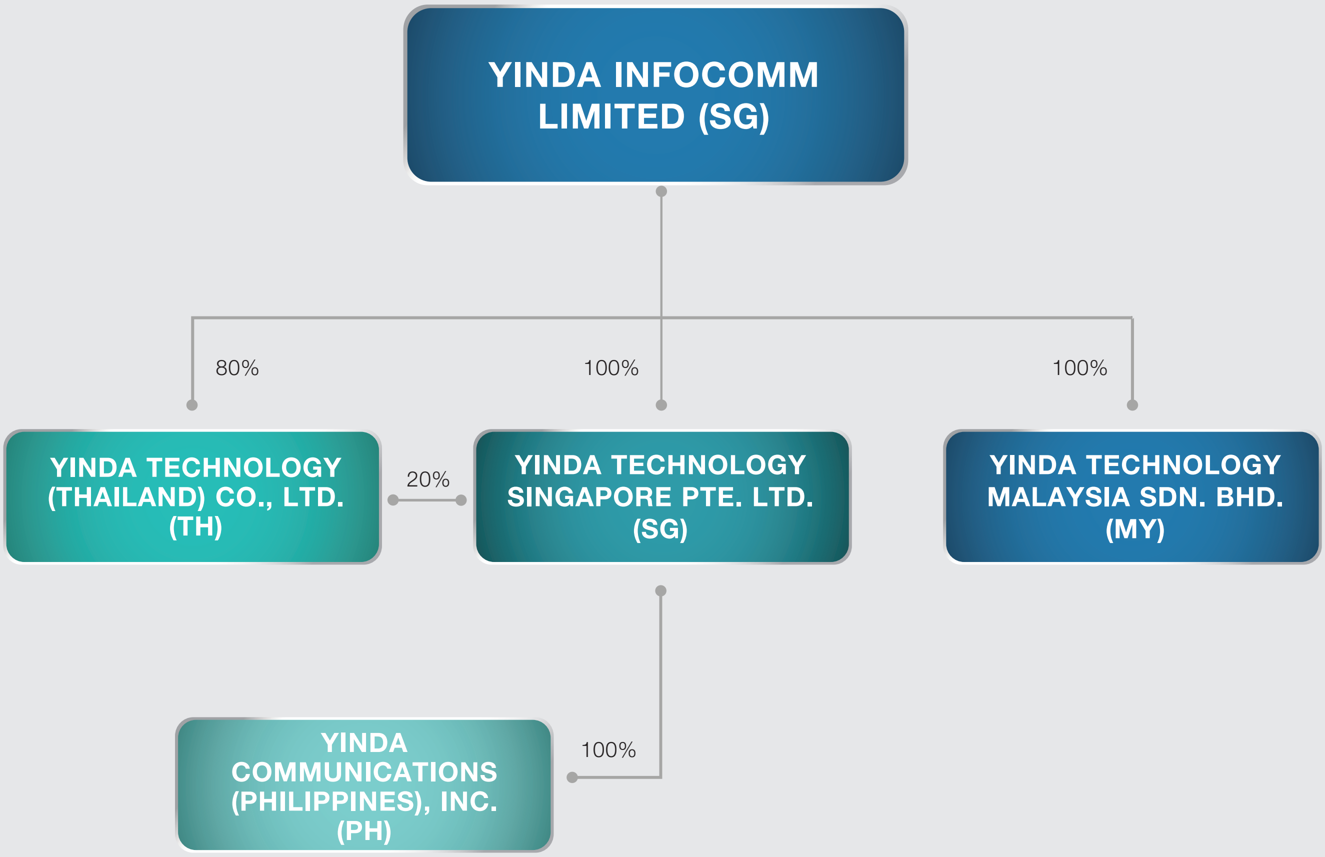
- Change of Trading Counter Name to “Yinda Infocomm” on the Catalist Board of SGX-ST
- Change in Issuer Name to “Yinda Infocomm Limited”

2016

DECEMBER

- Award three contracts worth a total of S$7.8 million in relation to the installation of WIFI infrastructure and the procurement and provision of required infrastructure, system and maintenance services for leading telecommunications operators in Singapore and Thailand respectively

CORPORATE STRUCTURE



BOARD OF DIRECTORS

MADAM SONG XINGYI NON-EXECUTIVE AND NON-INDEPENDENT CHAIRMAN

Bachelor's Degree in Electrical Engineering, Hefei University of Technology, 1975

Madam Song Xingyi is our Non-Executive and Non-Independent Chairman and was appointed to our Board on 30 September 2017. She is also a member of our Nominating and Remuneration Committee. Madam Song is the Chairman of Shanghai Yinda Technology Group Co., Ltd and sits in the Shanghai Communications Industry Association Council.

After graduation, Madam Song was appointed as Chief Engineer of Anhui Electric Power Design Institute from 1975 to 1988, where she provided technical support for the Anhui Electric Power Plant.

In 1988, Madam Song was appointed as General Manager in Anhui Diantong Communication Engineering Co., Ltd ("**Anhui Diantong**") (formerly known as Diantong Institute), where she was in charge of the overall operations of Anhui Diantong, being the construction of public wireless communications network in the Anhui region.

In 2001, Madam Song founded Shanghai Yinda Science and Technology Industrial Co., Ltd ("**Shanghai Yinda**") and performed the duties of a General Manger until 2010. Subsequently, in 2010, Madam Song was appointed by the board as Chairman by the board of Shanghai Yinda Technology Group Co., Ltd. ("**Shanghai Yinda Group**"), the parent company of Shanghai Yinda, a position she holds to date. Shanghai Yinda Group is engaged in the information technology, telecommunications and related businesses. In particular, communication engineering delivery, network planning and optimisation services, network deployment, network maintenance and software R&D on mobile internet mainly in the People's Republic of China.

Madam Song Xingyi has deemed interested in the 79.23% shares held by Yinda Pte. Ltd. in the Company.

MR QIAN ZHONGCHENG EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER (CEASED ON 31 JULY 2018)

Bachelor's Degree in Applied Electronic Engineering, Hefei University of Technology, 1998

Mr Qian Zhongcheng was appointed as Executive Director of the Company on 30 September 2017 and subsequently Chief Executive Officer on 16 April 2018. He resigned from these positions on 31 July 2018.

After graduation, Mr Qian started his career in Nokia (China) Investment Co., Limited ("**Nokia China**") as Site Manager, where he was responsible for on-site planning, engineering implementation and network maintenance of Nokia China's Networks.

In 2002, Mr Qian joined Shanghai Yinda as Deputy General Manager, where he was assumed responsibilities including project management and overall company operations.

In 2010, Mr Qian was promoted to General Manager in Shanghai Yinda, where he expanded the company's business presence to more than 18 provinces in China, with 25 projects including E2E 2G/3G/LTE mobile communications related projects, network planning optimization, maintenance, large data development projects. In 2014, Shanghai Yinda received the Nokia Global' s Award and became Nokia's global strategic partner.

With 19 years of experience in the telecommunication industry, Mr Qian was promoted to Vice President of Shanghai Yinda in June 2018. Following his promotion as Vice President of Shanghai Yinda, Mr Qian resigned from his position as Executive Director and CEO of Yinda Infocomm to focus on running Shanghai Yinda.

Mr Qian Zhongcheng has deemed interested in the 79.23% shares held by Yinda Pte. Ltd. in the Company.

BOARD OF DIRECTORS

MR HENRY TAN SONG KOK LEAD INDEPENDENT DIRECTOR

Degree in Accountancy, First Class Honors, National University of Singapore, 1988
Fellow of Chartered Accountant of Singapore
Fellow of Institute of Chartered Accountant in Australia and New Zealand
Advanced Executive Management Program Beijing Tsinghua University, 2011

Mr Henry Tan Song Kok is our Lead Independent Director and was appointed to our Board on 30 September 2017. He is the Chairman of the Audit Committee and is a member of Nominating Committee.

In 1988, Mr Tan started his career with a big 4 firm in audit before he was promoted to Audit Manager in 1993, where he was responsible for the audit of companies from various industries. He then founded Nexia TS Pte Ltd in 1993 where he currently serves as the Managing Director of Nexia TS Pte Ltd and Nexia TS Public Accounting Corporation. Mr Tan is responsible for managing the practice to ensure all lines of services are functioning effectively and efficiently.

Mr Tan also holds directorship for several companies. He is a director of YHI International Limited, BH Global Limited listed on the SGX and China New Town Development Co Ltd which is listed on the Hong Kong Exchange. He is also the Chairman of the Nanyang Business School Alumni Advisory Board of NTU. He was previously on the board of Ascendas REIT, Raffles Education and Chosen Holdings Limited. He served previously on the Global board of Nexia International and its Chairman for Asia Pacific for many years overseeing the region.

Mr Tan is a Fellow of the Institute of Singapore Chartered Accountants, Institute of Chartered Accountants in Australia and New Zealand, CPA Australia and Insolvency Practitioners Association of Singapore Ltd and Singapore Institute of Directors and a member of Institute of Internal Auditors, Inc (Singapore Chapter) and Singapore Institute of Accredited Tax Professional Limited.

MS TANG QUN INDEPENDENT DIRECTOR

MBA, Master's Degree with Tongji University, 2001
Bachelor's Degree of Engineering, Shanghai University for Science and Technology, 1991

Ms Tang Qun is our Independent Director and was appointed to our Board on 9 February 2018. She is the Chairman of the Nominating Committee and is a member of our Audit and Remuneration Committee.

Ms Tang started her career in China Zhenhua (Group) Technology Limited Co. and assumed the position of multi-media business department's vice manager in 1991 before she further went on and developed her career in the human resources field, working with Zuoyou Human Resources Consulting Co. Ltd. as a consultant.

Subsequently, in 2003, she assumed the position as Manager of the Human Resources ("**HR**") of the Product Development at Kingdee Software (China) Co. Ltd, where, she was in charge of directing HR related system projects for enterprises' like McDonald's (China), the Business Bank of Shenzhen, FUJI XEROX, and Fed Ex, etc. She has been working with AVIC International Holding Corporation since 2007 as their Senior Project Manager and has been in charge of the planning and development of enterprise strategy and the management of investments.

BOARD OF DIRECTORS

MR CHEAM HENG HAW, HOWARD INDEPENDENT DIRECTOR

Bachelor's of Degree of Law from King's College, University of London, 1999
Member of the Law Society of Singapore

Mr Howard Cheam is our Independent Director and was appointed to our Board on 30 September 2017. He currently chairs the Remuneration Committee and is a member of the Audit Committee. Mr Cheam is an equity partner at Rajah & Tann Singapore LLP. He currently practices in the specialised field of Capital Markets and Mergers and Acquisitions. He has been involved in many initial public offerings and reverse takeovers.

He has also been involved in both public and private mergers and acquisitions transactions within and outside of Singapore. His experience includes various fund-raising exercises for listed and unlisted companies such as the issue of bond instruments, convertible instruments and placements. In addition, he also handles general corporate and advisory work, such as joint ventures, trade transactions and investments.

Mr Howard Cheam is involved in continuing sponsorship activities whereby he is a registered professional with the Singapore Exchange Securities Trading Ltd.

MR LIM CHUAN POH NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR (CEASED ON 14 JUNE 2018)

Master of Science in Public Health and Engineering, Imperial College of Science & Technology, 1988
Bachelor of Arts (Hons) In Engineering Science, Balliol College, Oxford University, 1978

Mr Lim Chuan Poh is our Non-Executive and Non-Independent Director and was appointed to our Board on 30 September 2017. He is also a member of our Audit and Remuneration Committee. He resigned from these positions on 14 June 2018.

Mr Lim has spent more than 20 years in the civil service. Mr Lim began his career in 1980 when he joined the Ministry of the Environment as an Engineer and thereafter served in a variety of roles and functions. Mr Lim left the Ministry in 1993 when he was the Deputy Commissioner of Public Health and Press Secretary to the Minister. Mr Lim was posted to the then Telecommunications Authority of Singapore in 1993 and was appointed its Director-General in 1994. He was concurrently appointed Deputy Secretary of the Ministry of Communications in 1996, a position he held until he left the civil service in 1998. Mr Lim then joined Singapore Telecommunications Ltd. ("**SingTel**") in 1998 as Chief Executive (Fixed Lines & Internet Business). Thereafter, he held several key management positions including CEO, SingTel Mobile and CEO, International Business. He retired from SingTel in 2010.

Since 2012, Mr Lim has served in a non-executive advisory role as Chairman of Asurion SE Asia ("**Asurion**"). Mr Lim is not a director of Asurion or its entities in the United States or SE Asia. Between 2012 and 2016, he also served in a non-executive advisory role as Chairman of Alcatel Lucent (Singapore) Pte. Ltd. Since 2017, Mr Lim has served on the board of SP Telecommunications Pte. Ltd. as a Non-Executive Director.

In August 2018, Mr Lim was appointed as Non-Executive Chairman and Independent Director of Synagie Corporation Ltd.

KEY EXECUTIVES

MR QIAN ZIMIN ACTING CHIEF EXECUTIVE OFFICER ("**ACTING CEO**") (APPOINTED ON 15 AUGUST 2018)

Bachelor's Degree of Refrigeration Engineering, Shanghai Jiaotong University, 1983

Mr Qian Zimin was appointed as Acting Chief Executive Officer as of 15 August 2018, and is currently responsible for the overall management of our Group's business and corporate development.

After graduation, Mr Qian started his career in Shanghai First Water Chiller manufacture company, People's Republic of China ("**PRC**"), where he headed a group of design engineers which specialized in absorption water chiller manufacturing. In 1992, Mr Qian joined Shanghai Huayuan Refrigeration and Air-Conditioning Engineering Company as the general manager where he was involved in the expansion and managing the daily operations of the Company.

From 2000 to 2001, Mr Qian was the vice-president of Netmegstore.com which was one of the earliest batches of e-commerce companies in Singapore. From 2002-2007, Mr Qian joined MediaCorp news as a news editor and established the Chinese version of Channel NewsAsia.com which soon became one of Singapore's two major Chinese news website. In 2008, Mr Qian founded Nanyang Post LLP and served as their CEO until May 2017.

In 2017, Mr Qian was the key leader to assist Yinda Pte. Ltd. (subsidiary of Shanghai Yinda) to successfully acquire CMC Infocomm Ltd, which changed its name to Yinda Infocomm Limited in September 2017.

After acquisition, Mr Qian was appointed as CEO for a brief period and successfully stabilized all existing operations of Yinda Infocomm Limited and its subsidiaries. Due to internal restructuring, Mr Qian was re-designated from CEO to Project Director to focus on the development of the Group's business with the aim of securing new project pipelines in various geographical regions and the management of the telecommunication projects that were undertaken by the Group.

In February 2018, Mr Qian was designated as Country Manager and was primarily responsible for regrouping of existing resources and restructuring the business model of Yinda Technologies Singapore Pte. Ltd. Under the leadership of Mr Qian, as the largest subsidiary of the Group, Yinda Technologies Singapore Pte. Ltd.'s work efficiency and financial performance have steadily improved. The company had attained significant revenue and losses are starting to reduce.

In view of his contributions to the Company, Mr Qian was re-appointed as Acting CEO on 15 August 2018.

MR FREDERICK LAU DEPUTY CHIEF FINANCIAL OFFICER

Bachelor's of Degree of Accountancy, University of Hertfordshire, 2001
Fellow member of the Association of Chartered Certified Accountants
Member of the Institute of Singapore Chartered Accountants

Mr Frederick Lau is our Deputy Chief Financial Officer. He joined our Group in April 2018 and is in charge of managing the accounting and finance function of our Group including supervising the preparation of accounts as well as consolidation of financial results and reporting. Prior to joining our Group, Mr Frederick Lau was an auditor with more than 15 years' experience in various international firms including Audit Senior in Arthur Andersen and Ernst & Young Malaysia (after business combination up to 2005), Audit Manager in Deloitte & Touche LLP Singapore (2012) and Audit Senior Manager in BDO LLP Singapore (2018).

Mr Frederick Lau is also a fellow member of the Association of Chartered Certified Accountants and member of the Institute of Singapore Chartered Accountants.

CORPORATE GOVERNANCE REPORT

Yinda Infocomm Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") requires all listed companies to describe in their annual reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**").

The Company is pleased to report on its corporate governance processes and activities as required by the Code ("**Report**"). For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole with other sections of this Report and the Annual Report in entirety.

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 31 May 2018 ("**FY2018**"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

1. THE BOARD'S CONDUCT OF ITS AFFAIRS

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

The Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group. During FY2018, there have been a series of changes to the Board. For the avoidance of doubt, the Board members presented below are as at the date of this Annual Report.

Mdm Song Xingyi	Non-Executive, Non-Independent Chairman
Mr Henry Tan Song Kok	Lead Independent Director
Mr Cheam Heng Haw, Howard	Independent Director
Ms Tang Qun	Independent Director

Mr Qian Zhongcheng has resigned from the Board on 31 July 2018. He was the Executive Director and Chief Executive Officer during FY2018 and is therefore accountable for the representations in this Report.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, taking into consideration sustainability issues and ensuring the necessary financial and human resources are in place for the company to meet its objectives;

CORPORATE
GOVERNANCE REPORT

- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation;

- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;

- reviewing management performance;

- identify the key stakeholder groups and recognize that their perceptions affect the company; and

- set the company's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times the interests of the Company.

The approval of the Board is required for matters such as, but not limited to, corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's half-year and full-year results, declaration of dividends and interested person transactions.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed Directors will be briefed of their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. All Directors who have no prior experience as directors of a listed company will undergo training and/or briefing on the roles and responsibilities as directors of a listed company. In the current Board, Madam Song Xingyi and Ms Tang Qun had no prior experience as directors of listed companies in Singapore. Madam Song Xingyi has been briefed by a law firm on a directors' role and duties while Ms Tang Qun has attended the course on Listed Company Director Essentials by the Singapore Institute of Directors.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the Directors on the new or revised financial reporting standards on an annual basis.

To assist in the execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These Board Committees function within clearly defined written terms of reference and operating procedures. While these board committees have the authority to examine particular issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lie with the Board.

CORPORATE GOVERNANCE REPORT

The Board meets regularly on a half-yearly basis and ad hoc Board Committee or Board meetings are convened when they are deemed necessary. The Constitution of the Company provides for meetings of the Board to be held by way of telephonic conference. The number of Board Committee and Board meetings held in FY2018 is set out below:

	Board	Board Committees		
		AC	NC	RC
Number of meetings held(1)	2	2	1	1
	Number of meetings attended			
Dato' Abdul Rahman Bin Yusof(2)	–	–	–	–
Liu Kwee Choy(3)	1	1#	1	1#
Hazwan Alif Bin Abdul Rahman(4)	1	1#	1#	1#
Hans Jakob Hinrichsen(5)	1	1	1#	1
Phua Cher Chuan(6)	1	1#	1#	1#
Sim Geok Soon(7)	1	1#	1#	1#
Yee Kit Hong(8)	1	1	1	1#
Siow Yuen Khong Alex(9)	1	1	1#	1
Clifton Yong Kee Tong(10)	1	1#	1	1
Qian Zhongcheng(11)	1	1#	–	–
Lim Chuan Poh(12)	1	1	–	–
Henry Tan Song Kok(13)	1	1	–	–
Cheam Heng Haw, Howard(14)	1	1	–	–
Song Xingyi(15)	1	1#	–	–
Tang Qun(16)	–	–	–	–
Wang Zhijun(17)	–(18)	–	–	–

Notes:

(1) The full year Board and Board Committee meetings conducted on 30 July 2018 was not included as they were conducted subsequent to 31 May 2018. The relevant number of meetings for the Directors appointed subsequent to the mandatory general offer are 1.

(2) Dato' Abdul Rahman Bin Yusof retired as Non-Executive Chairman and member of the Nominating Committee at the annual general meeting held on 21 September 2017 following a change in controlling shareholder of the Company.

(3) Mr Liu Kwee Choy ceased as alternate director to Dato' Abdul Rahman Bin Yusof with effect from 21 September 2017.

(4) Mr Hazwan Alif Bin Abdul Rahman retired as Non-Executive Director at the annual general meeting held on 21 September 2017 following a change in controlling shareholder of the Company.

(5) Mr Hans Jakob Hinrichsen retired as Independent Director and member of the Audit and Remuneration Committees at the annual general meeting held on 21 September 2017 following a change in controlling shareholder of the Company.

(6) Mr Phua Cher Chuan resigned as Executive Director with effect from 30 September 2017 following a change in controlling shareholder of the Company.

(7) Mr Sim Geok Soon resigned as Non-Executive Director with effect from 30 September 2017 following a change in controlling shareholder of the Company.

(8) Mr Yee Kit Hong resigned as Lead Independent Director, chairman of the Audit Committee and member of the Nominating Committee with effect from 30 September 2017 following a change in controlling shareholder of the Company.

(9) Mr Siow Yuen Khong Alex resigned as Independent Director, chairman of the Remuneration Committee and member of the Audit Committee with effect from 30 September 2017 following a change in controlling shareholder of the Company.

(10) Mr Clifton Yong Kee Tong resigned as Independent Director, chairman of the Nominating Committee and member of the Remuneration Committee with effect from 30 September 2017 following a change in controlling shareholder of the Company.

CORPORATE GOVERNANCE REPORT

(11) Mr Qian Zhongcheng was appointed as Executive Director with effect from 30 September 2017, subsequently a member of the Nominating Committee on 4 October 2017 and as CEO with effect from 16 April 2018 respectively. He resigned these positions on 31 July 2018.

(12) Mr Lim Chuan Poh was appointed as Lead Independent Director with effect from 30 September 2017 and was subsequently appointed as chairman of the Nominating Committee and member of the Audit Committee on 4 October 2017. Mr Lim Chuan Poh subsequently resigned from 14 June 2018.

(13) Mr Henry Tan Song Kok was appointed as Independent Director with effect from 30 September 2017 and subsequently appointed as chairman of the Audit Committee and members of the Nominating and Remuneration Committee on 4 October 2017. Following the resignation of Mr Lim Chuan Poh, Mr Henry Tan Song Kok was re-designated as Lead Independent Director and ceased to be a member of the Nominating Committee with effect from 14 June 2018.

(14) Mr Cheam Heng Haw, Howard was appointed as Independent Director with effect from 30 September 2017 and subsequently appointed as chairman of the Remuneration Committee and member of the Audit Committee on 4 October 2017.

(15) Madam Song Xingyi was appointed as Non-Executive and Non-Independent Chairman with effect from 30 September 2017 and subsequently appointed as member of the Remuneration Committee on 4 October 2017. Following Mr Lim Chuan Poh's resignation, Madam Song Xingyi was appointed as member of the Nominating Committee on 14 June 2018.

(16) Ms Tang Qun was appointed as Independent Director with effect from 9 February 2018. Following Mr Lim Chuan Poh's resignation, she was appointed as chairman of the Nominating Committee and member of the Audit and Remuneration Committees.

(17) Mr Wang Zhijun was appointed as Non-Executive and Non-Independent Director with effect from 30 September 2017 and subsequent resigned from the Board on 9 February 2018.

(18) Mr Wang Zhijun was absent from the Board meeting held on 5 January 2018 with apologies.

Attendance of meetings as invitees

2. BOARD COMPOSITION AND GUIDANCE

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

The Board currently comprises 4 Directors, of whom three (constituting more than half of the Board) are independent, namely, Mr Henry Tan Song Kok, Mr Cheam Heng Haw, Howard and Ms Tang Qun.

The criterion of independence is based on the definition set out in the Code. The Board considers an "independent" director to be one who has no relationship with the Company, its related companies, its shareholders with shareholdings of 10% or more of the total votes attached to all the voting shares in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. With three Independent Directors, the Board is able to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. None of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. There is therefore no individual or small group of individuals who dominate the Board's decision-making.

CORPORATE GOVERNANCE REPORT

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group comprises members with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

The Board concurred with NC that the existing board size and composition is adequate for effective debate and decision making taking into account the scope and nature of the operations of the company and the requirements of the business. The NC concurred that the Board and Board Committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience and gender.

Where necessary or appropriate, the Non-Executive Directors (including the Independent Directors) on the Board will meet without the presence of the Management. The Non-Executive Directors (including the Independent Directors) communicate regularly to discuss matters related to the Group, including the performance of the Management and the direction and growth of the Group.

The profiles of our Directors are set out on pages 9 to 11 of this Annual Report.

3. NON-EXECUTIVE, NON-INDEPENDENT CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The positions of Non-Executive and Non-Independent Chairman and Acting Chief Executive Officer ("**Acting CEO**") are held by separate individuals, who are not immediate family members, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for objective decision-making.

Madam Song Xingyi is the Non-Executive and Non-Independent Chairman of the Company and oversees the overall strategic directions and expansion plans for the growth and development of the Group. With the assistance of the Company Secretary, she also ensures that Board meetings are held as and when required, sets the agenda for the Board meetings and ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders, ensures effective communication with shareholders as well as promotes high standards of corporate governance.

Mr Qian Zimin was appointed as Acting CEO on 15 August 2018, following the resignation of Mr Qian Zhongcheng 31 July 2018. His responsibilities include setting the Group's strategy and direction, modeling and setting the company's culture, values, and behavior, building and leading the senior executive team allocating capital according to the Company's priorities.

The Board is of the view that with the current executive management team and the establishment of the three Board Committees, there are adequate safeguards in place to ensure unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

CORPORATE GOVERNANCE REPORT

In view that the Chairman is not an Independent Director, Mr Henry Tan Song Kok has been appointed as the Lead Independent Director. He is available to shareholders where they have concerns or issues which communication with the Company's Chairman, Acting CEO, and/or Deputy Chief Financial Officer has failed to resolve or where such communication is inappropriate.

Led by the Lead Independent Director, the Independent Directors will meet, where necessary, without the presence of the other Directors and the Lead Independent Director will provide feedback to the Non-Executive Chairman after such meetings as deemed appropriate.

4. BOARD MEMBERSHIP

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

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

As at the date of this Annual Report, the NC comprises Ms Tang Qun, Mdm Song Xingyi and Mr Henry Tan Song Kok. The chairman of the NC is Ms Tang Qun. A majority of the NC, including the chairman, is independent. The chairman of the NC is independent and not directly associated with, any substantial shareholder of the Company.

The written terms of reference of the NC have been approved and adopted, and they include the following:

(a) developing and maintaining a formal and transparent process and making recommendations to the Board for the appointment and nomination for the re-election of Directors (including alternate Directors, if any), having regard to their competencies, contribution, performance and ability to commit time and attention to the affairs of the Group, taking into account their respective commitments outside the Group including their principal occupation and board representations in other companies, if any;

(b) reviewing Board succession plans for the Directors, in particular, for the Non-Executive Chairman and the Acting CEO;

(c) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(d) determining on an annual basis whether or not a Director is independent having regard to Guideline 2.3 or 2.4 of the Code and any other salient factors;

(e) review and decide, in respect of a Director who has multiple board representations on other companies (if any), whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Directors serving on multiple boards and discharging his duties towards other principal commitments;

(f) reviewing training and professional development programs for the Board; and

(g) developing a process for evaluating the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value.

Having made its review, the NC is of the view that Mr Henry Tan Song Kok, Mr Cheam Heng Haw, Howard, and Ms Tang Qun have satisfied the criteria for independence.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal selection criteria for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. Pursuant to the Constitution of the Company, each Director is required to retire at least once every three years by rotation, and all newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election.

The dates of initial appointment and last re-election of the Directors (as at the date of this Annual Report), together with their directorships in other listed companies, are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current Directorships in Listed Companies	Past Directorships in Listed Companies (in Last Three Years)	Relationships with directors, company or its 10% shareholders
Song Xingyi	Non-Executive and Non-Independent Chairman	30 September 2017	N.A.	–	–	Deemed to be interested in 79.23% of the shares held by Yinda Pte Ltd, controlling shareholder of the Company.
Henry Tan Song Kok	Lead Independent Director	30 September 2017 as Independent Director and subsequently as Lead Independent Director on 14 June 2018	–	YHI International Limited BH Global Limited China New Town Development Co Ltd	Raffles Education Corporation Limited Ascendas Real Investment Trust Limited Chosen Holdings Limited	–
Cheam Heng Haw, Howard	Independent Director	30 September 2017	–	–	–	–
Tang Qun	Independent Director	9 February 2018	–	–	–	–

CORPORATE GOVERNANCE REPORT

The following Directors are due for retirement pursuant to Article 114 of the Company's Constitution, and being eligible, have offered themselves for re-election at the forthcoming AGM:–

i. Mdm Song Xingyi
ii. Mr Henry Tan Song Kok
iii. Ms Tang Qun
iv. Mr Cheam Heng Haw, Howard

The NC has reviewed the contributions, performances of the above Directors and concurred to recommend the nomination of all the above Directors for re-election at the forthcoming AGM to the Board for concurrence. The Board concurred with the NC on the recommendation for the re-election of the above Directors.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her performance and independence or re-nomination as Director.

Each and every retiring Director has abstained from deliberating and recommending on his own re-election.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. As such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold. None of the Directors hold more than four directorships in listed companies concurrently.

The Board provides for appointment of alternative directors only in exceptional cases such as when a director has a medical emergency. The alternate director bears all the duties and responsibilities of a Director. The Board will take into consideration the same criteria applied to the selection of directors to the appointment of alternative directors, taking into account, amongst others, his qualifications and competencies.

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 9 to 11 of this Annual Report.

5. BOARD PERFORMANCE

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

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

CORPORATE GOVERNANCE REPORT

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and has proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, corporate strategy and planning, risk management and internal control, measuring and monitoring performance, recruitment and evaluation, compensation, financial reporting, communicating with shareholders and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The assessment of the Board as a whole and the individual Directors are conducted annually. No external facilitator was engaged by the Board for this purpose in FY2018.

In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board Committee.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

6. ACCESS TO INFORMATION

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

Directors are from time to time furnished with detailed information concerning the Group to support their decision-making process. Upon request, the Management will provide in a timely manner any additional information needed for the Directors to make informed decisions.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon. In respect of budgets or internal forecasts, any material variance between the projections and the actual results should be disclosed to and explained to the Board.

As a general rule, notices are sent to the Directors one week in advance of Board meetings, followed by the Board papers, in order for the Directors to be adequately prepared for the meetings.

CORPORATE GOVERNANCE REPORT

The Board (whether individually or as whole) has separate and independent access to the Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board meeting, he ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, and the Catalist Rules. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

The Directors may seek independent professional advice as and when necessary in furtherance of their duties, either individually or as a group. Any cost of obtaining such professional advice will be borne by the Company.

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

The RC comprises Mr Cheam Heng Haw, Howard, Ms Tang Qun and Mdm Song Xingyi, of which two whom are Independent Directors and Non-Executive. The chairman of the RC is Mr Cheam Heng Haw, Howard who is independent.

The terms of reference of the RC have been approved and adopted. The duties and powers of the RC include the following:

(a) reviewing and recommending for endorsement by the entire Board a framework of remuneration for the Directors and Executive Officers and determining specific remuneration packages of each Director and Executive Officer. The RC shall cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

(b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(c) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;

(d) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(e) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and Executive Officers and to align the interests of the Directors and Executive Officers with the long-term interests of the Company.

CORPORATE GOVERNANCE REPORT

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required, and shall ensure that any relationship between the appointed consultant and any of its Director or the Company will not affect the independence and objectivity of the remuneration consultant. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2018.

The RC's recommendations will be submitted for endorsement by the Board. No Director is involved in deciding remuneration, compensation or any form of benefit to be granted to himself, his associates or employees who are related to him.

8. LEVEL AND MIX OF REMUNERATION

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

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

The Independent Directors and the Non-Executive, Non-Independent Chairman receives Directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The Board currently does not have any Executive Directors.

The Company does not currently have any long-term incentive schemes. The RC will consider recommending the implementation of such schemes for the Directors as well as key management personnel as and when it consider appropriate.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

9. DISCLOSURE ON REMUNERATION

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

The Board is of the view that full disclosure of the specific remuneration of each individual Director and the Acting CEO is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

CORPORATE GOVERNANCE REPORT

The level and mix of remuneration paid or payable to the Directors and Executive Officers for FY2018 are set out as follows:

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors and CEO[1]					
Below S$250,000					
Song Xingyi[1]	–	–	100.0	–	100.0
Qian Zhongcheng[2]	100	–	–	–	100.0
Henry Tan Song Kok[1]	–	–	100.0	–	100.0
Cheam Heng Haw, Howard[1]	–	–	100.0	–	100.0
Tang Qun[1]	–	–	100.0	–	100.0
Lim Chuan Poh[1]	–	–	26.1	73.9[7]	100.0
Wang Zhijun[1]	–	–	100.0	–	100.0
Dato' Abdul Rahman Bin Yusof[1]	–	–	100.0	–	100.0
Liu Kwee Choy[1]	–	–	–	–	–
Hazwan Alif Bin Abdul Rahman[1]	–	–	100.0	–	100.0
Hans Jakob Hinrichsen[1]	–	–	100.0	–	100.0
Phua Cher Chuan[1]	93.9	–	6.1	–	100.0
Sim Geok Soon[1]	–	–	100.0	–	100.0
Yee Kit Hong[1]	–	–	100.0	–	100.0
Siow Yuen Khong Alex[1]	–	–	100.0	–	100.0
Clifton Yong Kee Tong[1]	–	–	100.0	–	100.0
Qian Zimin[3]	96.3	–	–	3.7	100.0
Key Management Personnel (Excluding Directors and CEO)					
Below S$250,000					
Qian Zimin[3]	98.9	–	–	1.1	100.0
Lim Lian Swa[4]	83.4	–	–	16.6	100.0
Wong Wei Wen Benjamin[5]	80.0	–	–	20.0	100.0
Frederick Lau Si Kah[6]	66.7	–	–	33.3	100.0

Notes:

(1) Please refer to elaborations in Principle 1 on the changes to the Board.

(2) Mr Qian Zhongcheng ceased to be Executive Director and CEO with effect from 31 July 2018.

(3) Mr Qian Zimin was CEO from 30 May 2017 to 30 September 2017. He was re-designated as Project Director and Country Manager of the Group and was subsequently re-appointed as Acting CEO on 15 August 2018. Hence, the remuneration he received for 4 months as CEO was presented under 'Directors and CEO' while the remuneration he received as Project Director and Country Manager for the remaining 8 months was presented under 'Key Management Personnel'.

(4) Mr Lim Lian Swa resigned as Chief Operating Officer of the Company on 19 October 2017.

(5) Mr Wong Wei Wen Benjamin resigned as Deputy Financial Controller on 10 November 2017.

(6) Mr Frederick Lau Si Kah was appointed as Deputy Chief Financial Officer on 20 April 2018.

(7) Consultation fee paid to Mr Lim Chuan Poh for providing advice on business development activities of the Group, the amount of which was less than S$100,000.

CORPORATE GOVERNANCE REPORT

There were no employees of the Company or its subsidiaries who were immediate family members of any Director (including those who have resigned during FY2018) or the Acting CEO and whose remuneration exceeded S$50,000 during FY2018.

The aggregate remuneration paid to the above key management personnel of the Group (excluding the Executive Directors and the CEO) in FY2018 amounted to S$283,000.

There are no termination, retirement or post-employment benefits that are granted to the Directors, Acting CEO and the key management personnel of the Group. The Company is of the view that disclosure of the exact actual remuneration of Directors and key management personnels who have resigned during the financial year is not in the interest of the Group due to competitive reasons.

Currently, the Company has not implemented any employee share option schemes.

10. ACCOUNTABILITY

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

The Board understands its accountability to the shareholders on the Group's performance, financial position and prospects. The objectives of the presentation of the annual and interim financial statements announcements to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position, and prospects. In line with the Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements.

The Management understands its role in providing all members of the Board with management accounts on a quarterly basis and such explanation as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

11. RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

CORPORATE GOVERNANCE REPORT

The internal auditors conduct annual reviews of the effectiveness of the Group's key risk management and internal control systems, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

As the current Acting CEO Mr Qian Zimin was only appointed after FY2018, the Board has received assurance from Mr Qian Zhongcheng, the previous Executive Director and CEO of the Company, and the Deputy Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for the financial year ended 31 May 2018 give a true and fair view of the Company's operations and finances, and (b) regarding the effectiveness of the Company's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, and the reviews performed by the Management, Internal Auditor, as well as confirmation from the previous Executive Director and Chief Executive officer and the Deputy Chief Financial Officer, the Board concurred with the AC that the Group's risk management system and internal controls in addressing the financial, operational, compliance and information technology controls, and risk management systems are adequate as at 31 May, 2018 to meet the needs of the Group in its current business environment. The Board was of the opinion that the Group's risk management system and internal controls should be further enhanced with the expansion of the Group's business.

12. AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference, which clearly set out its authority and duties.

The AC comprises Mr Henry Tan Song Kok, Ms Tang Qun and Mr Cheam Heng Haw, Howard, all of whom are Independent Directors and are non-executive. The chairman of the AC is Mr Henry Tan Song Kok. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted. The main duties and powers of the AC include:

(a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response;

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management system (such review may be carried out internally or with the assistance of any competent third parties) prior to the incorporation of such results in the Company's annual report;

CORPORATE GOVERNANCE REPORT

(c) reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;

(d) reviewing and discussing with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;

(f) considering the appointment and re-appointment of the external auditors, including their independence and objectivity, taking into account the non-audit services provided by the external auditors;

(g) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approving interested person transactions where the value thereof amount to 3% or more of the latest audited net tangible assets of the Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;

(h) making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(i) reviewing and approving the Group's foreign exchange hedging policies (if any), and conducting periodic reviews of foreign exchange transactions and hedging undertaken by the Group;

(j) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time; and

(k) ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing the adequacy and effectiveness of the internal audit function at least annually.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any Director, Executive Officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external and internal auditors without the presence of the Management, at least annually.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

CORPORATE GOVERNANCE REPORT

The AC also considered the report from the external auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with the management and external auditors have been included as key audit matter (**"KAMs"**) in the independent auditors' report for the financial year ended 31 May 2018 on pages 36-38 of this Annual Report. In the assessing each KAM, the AC considered the approach and methodology applied in the valuation of assets, including the estimates and key assumptions used. The AC concluded that management's accounting treatment and estimates adopted in each of the KAMs were appropriate.

The fees paid by the Company to the external auditors in FY2018 for audit and non-audit services amounted to S$118,000 and S$21,000, respectively. The AC, having undertaken a review of all non-audit services (including mainly the agreed upon procedures services) provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. The Company has provided the email address – whistleblow@yinda.com.sg which is accessible by the Lead Independent Director on the Company's website to allow external parties to raise any concerns they may have.

13. INTERNAL AUDIT

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

The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Group's assets. The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. The internal auditors report directly to the chairman of the AC and has full access to the Company's documents, records, properties and personnel. The internal auditor assists the AC in ensuring that the Company maintains a sound system of internal controls through regular monitoring of key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified.

The Group has outsourced its internal audit function to BDO LLP. The AC is satisfied that the outsourced internal audit function is adequately staffed with suitably qualified and experienced professionals with the relevant experience in delivering the internal audit services to the Group. The internal audit work is carried out in accordance with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

14. SHAREHOLDER RIGHTS

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

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNET. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

Shareholders are informed of general meetings through notices published in the newspapers and through reports or circulars sent to all shareholders. The Company encourages shareholders' participation during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures. The Company appoints an independent external party as scrutineer ("**Scrutineer**") for the poll voting process at the general meetings of the Company. The Scrutineer will explain the poll voting procedures to Shareholders at the general meetings of the Company before the resolutions are put to vote.

Shareholders (other than a shareholder who is a relevant intermediary) may vote in person or by appointing up to two proxies to attend and vote on their behalf at the general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general meetings of the Company.

15. COMMUNICATION WITH SHAREHOLDERS

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

The Company recognises that effective communication leads to transparency and enhances accountability. The Company regularly conveys pertinent information, gathers views or input, and addresses shareholders' concerns. In this regard, the Company provides timely information to its shareholders via SGXNET announcements and news releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure.

The Company is committed to maintaining a high level of corporate transparency of its financial results and all other pertinent information. The Company's investor relations function is under the purview of Mr Qian Zimin, Acting CEO and Mr Frederick Lau, Deputy Chief Financial Officer.

Shareholders, investors or analysts may also send their queries or concerns to the Management, whose contact details can be found on the Company's website, press releases and the corporate information page of this Annual Report. The Company will consider use of other forums as and when applicable.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. The Board has not recommended any dividend for FY2018 as the Board wants to redeploy cash reserves of the Group for expansion purposes and to sufficiently provide for any unexpected adverse changes in the macro economic environment.

CORPORATE GOVERNANCE REPORT

16. CONDUCT OF SHAREHOLDER MEETINGS

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

All shareholders of the Company will receive the Annual Reports or circulars and the notice of the general meetings. The notice will also be advertised in a local newspaper and made available on SGXNET. The Company encourages shareholders' participation at annual general meetings, and all shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairperson of each of the Board Committees. The Company's external auditors are also present to assist the Board in addressing any relevant queries from shareholders. Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Company also ensures that there are separate resolutions at general meetings on each distinct issue. The Company will put all resolutions to vote by poll and announce the detailed results, including the number of vote cast for and against each resolution and the respective percentages, after the conclusion of the annual general meeting. The Company will employ electronic polling if necessary.

The Company has not amended its Constitution to provide for absentia voting methods. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of shareholders' identities through the web are not compromised.

DEALINGS IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and shall prohibit dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the results. Directors and employees of the Company are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

CORPORATE GOVERNANCE REPORT

During FY2018, the Group enter into any interested person transactions of S$100,000 and more as follows:–

Name of interested person	Aggregate value of all interested person transactions during FY2018 under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Yinda Pte Ltd (controlling shareholder of the Company)	$656,000 (for services provided by the Group)	NIL
Anhui Diantong Communication Engineering Co., Ltd. (subsidiary of Shanghai Yinda Group)	$149,000 (for purchase of materials by the Group)	NIL

As the aggregate value of interested person transactions entered into with the Shanghai Yinda Group exceeds 5% of the Group's audited net tangible assets during the point of entry, the Company will be seeking a ratification and holding an extraordinary general meeting to obtain Shareholders' approval for the abovementioned transactions.

MATERIAL CONTRACTS

During the year, the Company and its wholly-owned subsidiary, Yinda Technology Singapore Pte. Ltd. ("**Yinda Singapore**") have, on 23 June 2017 and 7 July 2017 respectively, entered into separate loan agreements with Yinda Pte. Ltd. ("**Yinda**"), the controlling shareholder of the Company. Pursuant to the loan agreements, Yinda has agreed to lend the Company and Yinda Singapore S$1 million and S$0.5 million respectively. The loans are unsecured and have interest chargeable of 3.25% per annum which are repayable every quarterly. The loans shall be repayable in full after one year from the dates of the loan agreements.

Save as disclosed above, there were no other material contracts entered into by the Group, involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

For FY2018, there were no non-sponsor fee paid to the Company's sponsor, SAC Capital Private Limited.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Yinda Infocomm Limited (Formerly known as CMC Infocomm Limited) (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2018.

Opinion of the directors

In the opinion of the directors,

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

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

Directors

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

Song Xingyi
Henry Tan Song Kok
Cheam Heng Haw, Howard
Tang Qun

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 objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company or of related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
	At the beginning of financial year/date of appointment	At the end of financial year	At the beginning of financial year/date of appointment	At the end of financial year
Song Xingyi	-	-	-	120,437,180
Qian Zhongcheng	-	-	-	120,437,180

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 June 2018.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

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

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

DIRECTORS' STATEMENT

Audit committee

The audit committee ("AC") carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Cap. 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Group's and the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;

- Reviewed the announcements and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors;

- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate;

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: Rules of Catalist;

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once during the year.

Further details regarding the AC are disclosed in the Report of Corporate Governance.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Song Xingyi
Director

Henry Tan Song Kok
Director

24 August 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YINDA INFOCOMM LIMITED (FORMERLY KNOWN AS CMC INFOCOMM LIMITED)

For the financial year ended 31 May 2018

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Yinda Infocomm Limited (Formerly known as CMC Infocomm Limited) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and Company as at 31 May 2018, statements of changes in equity of the Group and Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement 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, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key Audit Matters

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

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting for telecommunications projects

The Group recognised revenue and expenses from telecommunications network design, planning and implementation in the wireless and internet communications services using the stage of completion method. The stage of completion is measured by reference to completion of work performed in accordance with contract milestones. The determination of revenue and expenses from the telecommunication projects requires significant management judgment and estimates such as estimates of the progress towards completion, total budgeted contract cost, remaining costs to completion and budgeted gross profit margin. Accordingly, we identified this to be a key audit matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YINDA INFOCOMM LIMITED (FORMERLY KNOWN AS CMC INFOCOMM LIMITED)

For the financial year ended 31 May 2018

Key Audit Matters (cont'd)

Accounting for telecommunications projects (cont'd)

We performed the following audit procedures, amongst others:

- We obtained an understanding and tested, on a sample basis, the key financial controls surrounding management's revenue recognition and internal costing put in place to estimate the projects' revenue, expenses and profit margin.

- We tested the mathematical accuracy of projects' revenue, expenses and profit margin based on the stage of completion calculation.

- We reviewed contractual terms and conditions, revenue and expenses incurred for significant projects.

- We reviewed budgeted costs against actual costs incurred to date and assessed the reasonableness of costs to be incurred and robustness of management's budgeting process by comparing actual cost against budgeted cost for completed projects.

- We discussed with management on the progress of significant projects to determine if there are any changes such as delays, penalties, and overruns where it is probable that project expenses will exceed project revenue and require the recognition of foreseeable losses on such projects.

Information regarding the Group's revenue from telecommunication projects and contracts work-in-progress are disclosed in Note 4 and Note 14 to the financial statements.

Impairment of investment in subsidiaries

As at 31 May 2018, the Company has investment in subsidiaries with carrying value of $6,125,000. The Company assesses at each reporting date whether there are indicators of impairment and if there are such indicators, an estimate is made of the recoverable amount of the investment concerned. A cash flow forecast is performed to assess the recoverable amount of subsidiaries with impairment indicators. Significant judgment over the assumptions and estimations used in performing the forecast is required. The key assumptions and estimations used in performing the forecast are the annual growth rate of the business, the budgeted gross profit margin, the discount rate and the terminal growth rate. Accordingly, we identified this to be a key audit matter.

We performed the following audit procedures, amongst others:

- We reviewed the key assumptions and estimates used by management in the value in use calculations.

- We assessed the reasonableness of the annual growth rate and the budgeted gross profit margin used by comparing them to historical results, current developments and future plans of the business.

- We involved our internal valuation specialists to assess reasonableness of the discount rate and the terminal growth rate used by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YINDA INFOCOMM LIMITED (FORMERLY KNOWN AS CMC INFOCOMM LIMITED)
For the financial year ended 31 May 2018

Key Audit Matters (cont'd)

Impairment of investment in subsidiaries (cont'd)

- We reviewed the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results.
- We reviewed the sensitivity analysis of the value-in-use calculations to changes in key assumptions.

The related disclosures are included in Note 12 to the financial statements. The key sources of estimation uncertainty in relation to impairment of investment in subsidiaries are disclosed in Note 3 to the financial statements.

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YINDA INFOCOMM LIMITED (FORMERLY KNOWN AS CMC INFOCOMM LIMITED)
For the financial year ended 31 May 2018

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YINDA INFOCOMM LIMITED (FORMERLY KNOWN AS CMC INFOCOMM LIMITED)
For the financial year ended 31 May 2018

Auditor's responsibilities for the audit of the financial statements (cont'd)

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 period 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 partner on the audit resulting in this independent auditor's report is Yeow Hui Cheng.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

24 August 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	2018 $'000	2017 $'000
Revenue	4	16,702	14,238
Cost of sales		(14,066)	(10,864)
Gross profit		2,636	3,374
Other income		100	112
Interest income		7	15
Other operating expenses		(92)	(3,146)
Administrative expenses		(5,132)	(4,574)
Finance costs	6	(71)	(111)
Loss before tax	7	(2,552)	(4,330)
Income tax credit	8	119	8
Loss net of tax		(2,433)	(4,322)
Loss attributable to owners of the Company, net of tax		(2,433)	(4,322)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	9	(1.60)	(2.84)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain on measurements of post-employment benefit plan, net of tax		92	9
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		26	54
Other comprehensive income for the year, net of tax		118	63
Total comprehensive income for the year		(2,315)	(4,259)
Total comprehensive losses for the year attributable to owners of the Company		(2,315)	(4,259)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2018

		Group		Company	
	Note	2018	2017	2018	2017
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	923	835	3	3
Intangible assets	11	138	178	–	–
Investment in subsidiaries	12	–	–	6,125	7,395
Deferred tax assets	13	106	133	–	–
Deposits		86	60	–	–
		1,253	1,206	6,128	7,398
Current assets					
Gross amount due from customers for contracts work-in-progress	14	4,371	7,092	–	–
Trade and other receivables	15	8,761	4,826	36	19
Amounts due from subsidiaries	16	–	–	4,726	1,289
Cash and bank balances	17	672	2,351	14	1,021
		13,804	14,269	4,776	2,329
Total assets		15,057	15,475	10,904	9,727
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	18	7,780	5,009	3,278	300
Amounts due to subsidiaries	16	–	–	166	50
Loan and borrowings	19	1,175	1,809	1,000	941
Provision for tax		363	376	–	–
		9,318	7,194	4,444	1,291
Net current assets		4,486	7,075	332	1,038

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current liabilities					
Loan and borrowings	19	180	322	–	–
Employee benefit liabilities	20	134	219	–	–
		314	541	–	–
Total liabilities		9,632	7,735	4,444	1,291
Net assets		5,425	7,740	6,460	8,436
Equity attributable to owners of the Company					
Share capital	21	14,542	14,542	14,542	14,542
(Accumulated losses)/ retained earnings		(668)	1,673	(8,082)	(6,106)
Reserves	22	(8,449)	(8,475)	–	–
Total equity		5,425	7,740	6,460	8,436
Total equity and liabilities		15,306	15,475	10,904	9,727

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Attributable to owners of the Company								
	Equity total $'000	**Share capital (Note 21)** $'000	**Merger reserves** $'000	**Foreign currency translation reserve** $'000	**(Accumulated losses) / Retained earnings** $'000	**Other reserves total** $'000	**Capital reserves** $'000	**Statutory reserves** $'000	**Others** $'000
Group									
At 1 June 2016	**11,999**	**14,542**	**(10,397)**	**(77)**	**5,986**	**1,945**	**1,890**	**49**	**6**
Loss for the year	(4,322)	–	–	–	(4,322)	–	–	–	–
Other comprehensive income									
Actuarial gains on measurement of post-employment benefit plan, net of tax	9	–	–	–	9	–	–	–	–
Currency translation difference	54	–	–	54	–	–	–	–	–
Other comprehensive income for the year, net of tax	63	–	–	54	9	–	–	–	–
Total comprehensive (loss)/income for the year	(4,259)	–	–	54	(4,313)	–	–	–	–
At 31 May 2017 and 1 June 2017	**7,740**	**14,542**	**(10,397)**	**(23)**	**1,673**	**1,945**	**1,890**	**49**	**6**
Loss for the year	(2,433)	–	–	–	(2,433)	–	–	–	–
Other comprehensive income									
Actuarial gains on measurement of post-employment benefit plan, net of tax	92	–	–	–	92	–	–	–	–
Currency translation difference	26	–	–	26	–	–	–	–	–
Other comprehensive income for the year, net of tax	118	–	–	26	92	–	–	–	–
Total comprehensive income for the year	(2,315)	–	–	26	92	–	–	–	–
At 31 May 2018	**5,425**	**14,542**	**(10,397)**	**3**	**(668)**	**1,945**	**1,890**	**49**	**6**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Attributable to owners of the Company		
	Equity total $'000	**Share capital (Note 21)** $'000	**Accumulated losses** $'000
Company			
At 1 June 2017	**12,225**	**14,542**	**(2,317)**
Loss for the year, representing total comprehensive income for the year	(3,789)	–	(3,789)
At 31 May 2018 and 1 June 2018	**8,436**	**14,542**	**(6,106)**
Loss for the year, representing total comprehensive income for the year	(1,976)	–	(1,976)
At 31 May 2018	**6,460**	**14,542**	**(8,082)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	2018	2017
		$'000	$'000
Operating activities:			
Loss before tax		(2,552)	(4,330)
Adjustments for:			
Interest expense on borrowings	6	71	111
Interest income	7	(7)	(15)
Loss on disposal of property, plant and equipment	7	8	6
Impairment of investment in joint venture	7	–	42
Impairment of notes receivable	7	–	63
Allowance for doubtful debts	7	16	45
Write-back of allowance for doubtful debts	7	(17)	(76)
Depreciation of property, plant and equipment	10	349	358
Amortisation of intangible assets	11	46	641
Impairment of intangible assets	11	–	2,385
Exchange loss		36	60
Employee benefit liabilities	20	47	43
Total adjustments		549	3,663
Operating cash flows before changes in working capital		(2,003)	(667)
Changes in working capital:			
Decrease/(Increase) in gross amount due from customers for contracts work-in-progress		2,472	(2,235)
(Increase)/Decrease in trade and other receivables and deposits		(3,944)	2,389
Increase/(Decrease) in trade and other payables		461	(1,817)
Total changes in working capital		(1,011)	(1,663)
Cash flows used in operations		(3,014)	(2,330)
Interest received		7	15
Interest paid		(57)	(116)
Taxes (paid)/refund		(66)	64
Net cash flows used in operating activities		(3,130)	(2,367)
Investing activities:			
Purchase of property, plant and equipment	10	(276)	(194)
Proceeds from disposal of property, plant and equipment		–	1
Decrease in deposits pledged with bank		–	19
Investment in joint venture		–	(42)
Placement of pledged deposits		–	(100)
Increase in amounts due from related companies		(19)	(119)
Net cash flows used in investing activities		(295)	(435)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

	Note	2018	2017
		$'000	$'000
Financing activities:			
Proceeds from bank borrowings		–	2,383
Proceeds from shareholder’s loan		1,500	–
Repayment of shareholder’s loan		(1,441)	(558)
Proceeds from advances from shareholder		2,842	–
Repayment of advances from shareholder		(134)	–
Decrease in amounts due to related parties		(5)	–
Repayment of bank borrowings		(942)	(1,951)
Repayment of obligations under finance lease		(73)	(25)
Net cash flows generated from/(used in) financing activities		1,747	(151)
Net decrease in cash and cash equivalents		(1,678)	(2,953)
Effects of exchange rate changes on cash and cash equivalents		(1)	(6)
Cash and cash equivalents at 1 June		2,166	5,125
Cash and cash equivalents at 31 May	17	**487**	**2,166**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

1. Corporate information

Yinda Infocomm Limited (formerly known as: CMC Infocomm Limited) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). With effect from 21 September 2017, the name of the Company was changed from CMC Infocomm Limited to Yinda Infocomm Limited.

The Company's immediate holding company is Yinda Pte. Ltd. which is incorporated and domiciled in Singapore and its ultimate holding company is Shanghai Yinda Technology Group Co Ltd which is incorporated and domiciled in the People's Republic of China. Related parties in this financial statements are subsidiaries and associates of Shanghai Yinda Technology Group Co. Ltd.

The registered office and principal place of business of the Company is located at Block 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Note 12.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

Convergence with International Financial Reporting Standards

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International), a new financial reporting framework identical to International Financial Reporting Standards. The Group will adopt SFRS(I) on 1 June 2018.

The Group has performed an assessment of the impact of adopting SFRS(I). Other than the impact on adoption of the SFRS(I) 15 and SFRS(I) 9, the Group expects that adoption of SFRS(I) will have no material impact on the financial statements in the year of initial application. The Group expects the impact of adopting SFRS(I) 15 and SFRS(I) 9 will be similar to the impact on adoption of FRS 115 and FRS 109 as disclosed in Note 2.3.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.2 ***Changes in accounting policies***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 June 2017, including Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	***Effective for annual periods beginning on or after***
Amendments to FRS 102 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to FRS 40 *Transfers of Investment Property*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (December 2016)	
- Amendments to FRS 28 *Investments in Associates and Joint Ventures*	1 January 2018
INT FRS 122 *Foreign Currency Translation and Advance Consideration*	1 January 2018
INT FRS 123 *Uncertainty over Income Tax Treatments*	1 January 2018
Amendments to FRS 28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to FRS 109 *Prepayment Features with Negative Compensation*	1 January 2019
Improvements to FRSs (March 2018)	1 January 2019
- Amendments to FRS 103 *Business Combinations*	1 January 2019
- Amendments to FRS 111 *Joint Arrangements*	1 January 2019
- Amendments to FRS 12 *Income Taxes*	1 January 2019
- Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 19 *Plan Amendment Curtailment or Settlement*	1 January 2019
FRS 117 *Insurance Contracts*	1 January 2021
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

As disclosed in Note 2.1, the Group will adopt SFRS(I) on 1 June 2018. Upon adoption of SFRS(I) on 1 June 2018, the SFRS(I) equivalent of the above standards that are effective on 1 June 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16, the directors expect that the adoption of the SFRS(I) equivalent of the above standards will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is effective for annual periods beginning on or after 1 January 2018.

The Group has performed a preliminary impact assessment of adopting FRS 115 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts FRS 115 in 2018.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. The Group also plans to apply the following practical expedients:

- For completed contracts, the Group plans not to restate completed contracts that begin and end within the same year or are completed contracts at 1 June 2017.

Based on its preliminary initial assessment, the Group expects the FRS115 requirements on accounting for costs, contract modifications, variable consideration and the method for measuring the stage of completion may affect its revenue recognition and cost accounting. The Group is currently gathering data as part of a further detailed assessment to quantify the impact on its financial statements.

In addition to the above, the Group is expected to change the presentation of certain amounts on the balance sheet to reflect the terminology in FRS115:

- Gross amount due from customer from contracts work in progress and unbilled revenue within "trade receivables" will be reclassified to be presented as part of contract assets.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

FRS 109 *Financial Instruments (cont'd)*

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts FRS 109 in 2019.

(a) Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

(b) Impairment

FRS 109 requires the Group and the Company to record expected credit losses on all of its loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Each subsidiaries in the Group are currently assessing the expected losses on all trade receivables based on the historical collectability trends. Upon application of the expected credit loss model, the Group expects to record a higher impairment loss allowance due to unsecured nature of its loans and receivables.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of FRS 116 and expects that the adoption of FRS 116 will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 June 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period.

The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. Summary of significant accounting policies (cont'd)

2.5 *Foreign currency (cont'd)*

(a) *Transactions and balances (cont'd)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Renovation	5 years
Tools and testing equipment	5 years
Computer equipment	3 – 5 years
Office equipment	3 – 5 years
Motor vehicles	4 years

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

The Group's intangible assets, i.e. customer relationships arise from the purchase price allocation exercise upon acquisition of subsidiaries. The useful life of these customer relationships is estimated to be ten (2017: ten) years.

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

2.9 *Contract work-in-progress*

Contract work-in-progress comprises of telecommunications contracts that are in the course of development. These relate to the difference between the costs of telecommunications equipment and direct expenses incurred-to-date and the supplier invoices received/accrued. An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

2.10 *Impairment of non-financial assets*

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

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 ***Financial instruments***

(a) ***Financial assets***

Initial recognition and measurement

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

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

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss, held-to-maturity investments, or available-for-sale financial assets.

Subsequent measurement

Loans and receivables

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

De-recognition

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

The Group has not designated any financial liability upon initial recognition as fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.11 ***Financial instruments (cont'd)***

(b) ***Financial liabilities (cont'd)***

Subsequent measurement

Financial liabilities at amortised cost

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

De-recognition

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

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 ***Impairment of financial assets***

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

Financial assets carried at amortised cost

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

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

2. Summary of significant accounting policies (cont'd)

2.12 ***Impairment of financial assets (cont'd)***

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

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

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

2.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, and deposits with licensed bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.14 ***Provisions***

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

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

2.15 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.15 ***Employee benefits (cont'd)***

(b) *Defined Post-Employment Benefit Plan*

Philippines

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. The Group accrues the post-employment benefits under a defined benefit plan using the projected unit credit method as computed by an independent actuary covering all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bonds as published by Philippines Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements comprising of actuarial gains and losses from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Interest cost is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability and is included as part of finance costs or finance income in the statement of comprehensive income.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

Thailand

The subsidiary in Thailand operates an unfunded benefit scheme, Legal Severance Pay Plan (“LSP”), for qualifying employees.

The LSP scheme is a defined benefit plan which pays employees a lump sum benefit computed based on their number of years of service and their basic salary upon retirement or early termination of their employment contracts.

The benefit schemes are assessed using the projected unit credit actuarial valuation method. The cost of providing for the employee benefits are charged to the profit or loss so as to spread the service cost over the service lives of employees in accordance with the actuarial valuation carried out during the year. The provision for the employee benefits is measured as the present value of the estimated future cash outflows by reference to the interest rates of government bonds in Thailand that have terms to maturity approximating the terms of the related liabilities. Actuarial gains and losses arising from LSP are recognised in other comprehensive income. The employee benefit expenses are included as part of employee benefit expenses.

2. Summary of significant accounting policies (cont'd)

2.15 *Employee benefits (cont'd)*

(b) *Defined Post-Employment Benefit Plan (cont'd)*

Thailand (cont'd)

The unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, a scheme, past service costs are recognised immediately.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.16 *Leases*

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

As lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 *Revenue and other income*

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

(a) *Rendering of services*

Revenue from the rendering of service is recognised when the service is rendered. For telecommunications projects, revenue is recognised using the stage of completion method, based on letter of acceptance received from customers. The stage of completion is measured by reference to completion of work performed in accordance with contract milestones.

(b) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.18 ***Financial guarantee***

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

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

2.19 ***Taxes***

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.19 *Taxes (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2.20 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

2. Summary of significant accounting policies (cont'd)

2.21 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. Significant accounting judgments and estimates

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

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

(a) *Percentage of completion for work in progress*

The Group recognise the revenue and expenses of telecommunication contracts that are in work-in-progress in the income statement by using the stage of completion method. The stage of completion is measured by reference to the completion of work performed in accordance with contract milestones. Significant assumptions such as estimates of the progress towards completion, total budgeted contract cost, remaining costs to completion and budgeted gross profit margin are required. In making the judgment, the Group's evaluation is based on past experience and by relying on the work of project managers.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 14 to the financial statements. If the estimated total budgeted contract costs had been 2% higher than management estimate, the Group's losses for 31 May 2018 and 2017 would have increased by $281,000 and $319,000 respectively.

(b) Impairment of investment in subsidiaries

An impairment exists when the carrying value of an investment in a subsidiary exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the annual growth rate of the business, the budgeted gross profit margin, the discount rate and the terminal growth rate used for the discounted cash flow model.

For the financial year ended 31 May 2018, impairment loss of $1,270,000 (2017: $3,726,000) were recognised, as disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

4. Revenue

Revenue of the Group are derived from telecommunications network design, planning and implementation in the wireless and internet communications services.

5. Employee benefits expense

	Group	
	2018	**2017**
	$'000	$'000
Wages, salaries and allowances	1,970	2,112
Contributions to defined contribution plan	185	216
Defined benefit plans	47	43
Other short-term benefits	88	118
	2,290	2,489

Included in employee benefits expense of the Group are directors' remunerations amounting to $185,000 (2017: $202,000) (Note 23).

6. Finance costs

	Group	
	2018	**2017**
	$'000	$'000
Interest expense on shareholder's loan	39	54
Interest expense	32	57
	71	111

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

7. Loss before tax

The following items have been included in arriving in loss before tax:

	Group	
	2018	**2017**
	$'000	$'000
Audit fees:		
- Auditors of the Company	92	89
- Other member firms of EY Global	26	26
- Other auditors	8	–
Non-audit fees:		
- Auditors of the Company	21	16
Interest income	(7)	(15)
Employee benefits expense (Note 5)	2,290	2,489
Depreciation of property, plant and equipment	349	358
Loss on disposal of property, plant and equipment	8	6
Allowance for doubtful debts	16	45
Write-back of allowance for doubtful debts	(17)	(76)
Loss on foreign exchange	48	9
Rental of office premise, warehouse, equipment	418	364
Amortisation of intangible assets (Note 11)	46	641
Impairment of intangible assets (Note 11)	–	2,385
Impairment of investment in joint venture	–	42
Impairment of notes receivable	–	63

8. Income tax credit

Major components of income tax credit

The major components of income tax credit for the financial years ended 31 May are:

	Group	
	2018	**2017**
	$'000	$'000
Consolidated income statement:		
Income tax		
- Current income taxation	72	24
- Over provision in prior year	(179)	(12)
	(107)	12
Deferred tax		
- Reversal of temporary differences	–	(37)
- (Over)/under provision in prior year	(12)	17
	(12)	(20)
Income tax credit recognised in profit or loss	(119)	(8)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

8. Income tax credit (cont'd)

	Group 2018 $'000	Group 2017 $'000
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Post employment benefit obligation	33	4

Relationship between tax credit and accounting loss

The reconciliation of taxation determined on the results of the Group by applying the Singapore statutory income tax rate for the financial years ended 31 May are as follows:

	Group 2018 $'000	Group 2017 $'000
Loss before tax	(2,552)	(4,330)
Taxation at statutory tax rate of 17% (2017: 17%)	(434)	(736)
Adjustments:		
Effect of different tax rates in other countries	(21)	(69)
Income not subject to tax	–	(1)
Expenses not deductible for tax purposes	97	692
(Over)/under provision in prior year	(191)	5
Effect of partial tax exemption and tax relief	–	(76)
Deferred tax asset not recognised	430	206
Others	–	(29)
Income tax credit recognised in profit or loss	(119)	(8)

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the financial year, the income tax rate applicable to foreign subsidiaries are as follows:

	Group 2018	Group 2017
Thailand	20%	20%
Philippines	30%	30%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

9. Loss per share

The basic and diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not hold any dilutive potential ordinary shares during the financial year (2017: Nil).

The following tables reflect the statement of comprehensive income and share data used in the computation of basic and diluted loss per share for the years ended 31 May 2018 and 31 May 2017.

	Group	
	2018	**2017**
	$'000	$'000
Loss for the year attributable to owners of the Company	(2,433)	(4,322)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	152,000	152,000
Loss per share attributable to owners of the Company (cents per share)		
- Basic and diluted	(1.60) cents	(2.84) cents

10. Property, plant and equipment

	Renovation $'000	Tools and testing equipment $'000	Computers and office equipment $'000	Motor vehicles $'000	Total $'000
Group					
2018					
Cost:					
1 June 2017	430	995	910	43	2,378
Additions	87	15	95	259	456
Disposals	(73)	–	(119)	–	(192)
Currency realignment	(4)	(13)	(14)	–	(31)
At 31 May 2018	440	997	872	302	2,611
Accumulated depreciation:					
1 June 2017	222	579	704	38	1,543
Depreciation charge for the year	61	154	112	22	349
Disposals	(70)	–	(114)	–	(184)
Currency realignment	(4)	(8)	(8)	–	(20)
At 31 May 2018	209	725	694	60	1,688
Net carrying amount:					
At 31 May 2018	231	272	178	242	923

10. Property, plant and equipment (cont'd)

	Renovation $'000	Tools and testing equipment $'000	Computers and office equipment $'000	Motor vehicles $'000	Total $'000
Group					
2017					
Cost:					
1 June 2016	423	899	795	70	2,187
Additions	9	94	138	–	241
Disposals	–	–	(20)	(27)	(47)
Currency realignment	(2)	2	(3)	–	(3)
At 31 May 2017	430	995	910	43	2,378
Accumulated depreciation:					
1 June 2016	152	416	616	46	1,230
Depreciation charge for the year	72	164	110	12	358
Disposals	–	–	(20)	(20)	(40)
Currency realignment	(2)	(1)	(2)	–	(5)
At 31 May 2017	222	579	704	38	1,543
Net carrying amount:					
At 31 May 2017	208	416	206	5	835

<u>Assets held under finance leases</u>
During the year, the Group acquired property, plant and equipment with an aggregate cost of $456,000 (2017: $241,000). The cash outflow on acquisition of property, plant and equipment amounted to $276,000 (2017: $194,000). The remaining amounts were held under finance leases (2017: under finance leases) as at year end.

The carrying amount of tools and testing equipment, computers and office equipment and motor vehicle held under finance leases at the end of the reporting period were $89,000 (2017: $134,000), $34,000 (2017: $43,000) and $228,000(2017: nil) respectively.

Leased assets are pledged as security for the related finance lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

10. Property, plant and equipment (cont'd)

	Computers and office equipment
	$'000
Company	
2018	
Cost:	
At 1 June 2016	4
Transfer (1)	1
At 31 May 2017 and 1 June 2017	5
Addition	2
At 31 May 2018	7
Accumulated depreciation:	
At 1 June 2016	*
Depreciation charge for the year	2
Transfer (1)	*
At 31 May 2017 and 1 June 2017	2
Depreciation charge for the year	2
At 31 May 2018	4
Net carrying amount:	
At 31 May 2018	3
At 31 May 2017	3

(1) Transferred from a subsidiary.

* denotes amounts less than $1,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

11. Intangible assets

	Customer relationships	
	2018	**2017**
	$'000	$'000
Group		
Cost:		
At 1 June	8,970	8,940
Currency alignment	18	30
At 31 May	8,988	8,970
Accumulated amortisation:		
At 1 June	8,792	5,747
Amortisation charge for the year	46	641
Impairment charge for the year	–	2,385
Currency alignment	12	19
At 31 May	8,850	8,792
Net carrying amount:	138	178

Customer relationships were allocated to two cash-generating units, Yinda Technology Singapore Pte. Ltd. (Formerly known as CMC Communications (Singapore) Pte. Ltd.) and Yinda Technology (Thailand) Co, Ltd. (Formerly known as CMC Communications (Thailand) Co., Ltd.), which are also the reportable operating segments, for impairment testing. The reportable operating segments, for impairment testing are as follows:

- Singapore
- Thailand

The useful lives of these customer relationships are estimated to be ten years (2017: ten years) which is the period of expected benefits. As at 31 May 2018 and 2017, the customer relationships have remaining amortisation period of three years and four years respectively.

Amortisation expense

The amortisation of customer relationships is included in the other operating expenses line in the profit or loss.

Impairment testing of customer relationships

The carrying amounts of customer relationships allocated to each CGU are as follows:

	Singapore		*Thailand*		*Total*	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Customer relationships	–	–	138	178	138	178

11. Intangible assets (cont'd)

Impairment loss recognised

In previous financial year, an impairment loss was recognised to write-down the carrying amount of customer relationships in the Singapore segment. The impairment loss of $2,385,000 has been recognised in profit or loss under the line item "other operating expenses". The impairment loss is recognised based on the Group's assessment that the recoverable values of the customer relationships are lower than their carrying values due to the challenging telecommunication environment.

12. Investment in subsidiaries

	Company	
	2018	**2017**
	$'000	$'000
Shares, at cost	11,121	11,121
Impairment losses	(4,996)	(3,726)
	6,125	7,395
Movement in impairment loss:		
Shares, at cost	3,726	–
Impairment losses	1,270	3,726
	4,996	3,726

Details of the subsidiaries as at 31 May are:

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership 2018	2017
Yinda Technology Singapore Pte. Ltd. ("**YTS**") @ *(Formerly known as: CMC Communications Singapore Pte. Ltd.)*	Singapore	Investment holding, supply and installation of machinery equipment and tools for telecommunication	100	100
Yinda Technology (Thailand) Co., Ltd. ("**YTT**") ^ # *(Formerly known as: CMC Communications (Thailand) Co., Ltd.)*	Thailand	Providing telecommunication network services	100	100
Yinda Technology Malaysia Sdn. Bhd. ("**YTM**") # *(Formerly known as: CMC Infocomm Sdn. Bhd.)*	Malaysia	Providing telecommunication network services	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

12. Investment in subsidiaries (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership	
			2018	**2018**
Held through Yinda Technology Singapore Pte. Ltd.				
Yinda Communications (Philippines), Inc. ("**YCPI**") # *(Formerly known as: CMC Communications (Philippines), Inc,)*	Philippines	Design development, installation, implementation and maintenance of telecommunication equipment and system for commercial and industrial applications as well as related activities	100	100

@ Audited by Ernst & Young LLP, Singapore

\# Audited by affiliates of Ernst & Young Global

^ 20% of the interest in YTT is held by YTS.

YTT has an issued capital comprising 765,000 preference shares and 735,000 ordinary shares. Under the articles of association of YTT, holders of preference shares are entitled to one vote for every ten preference shares while holders of ordinary shares are entitled to one vote for every one ordinary share. The Company and YTS collectively hold all the ordinary shares while a Thai national hold all the preference shares. As such, the Group holds 49.00% of the issued share capital and 90.57% of the voting rights in YTT. The Group accounts for YTT's entire financial results and net assets by virtue of its effective interest in YTT and control over its financial and operating policies as the Thai holder of the preference shares has signed a proxy instrument appointing the Mr Qian Zhongcheng, as her proxy to attend and vote for her and on her behalf at all the shareholders' meetings of YTT and at any adjournment thereof. No dividend will also be attributable to the holder of the preference shares in this aspect.

During the financial year, impairment loss of $1,270,000 (2017: $3,726,000) were recognised to write down the cost of investment in YTS. The impairment was a result of the operating losses due to the challenging telecommunication environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

13. Deferred tax

	Group	
	2018	**2017**
	$'000	$'000
At 1 June	133	125
Recognised in profit or loss (Note 8)	12	20
Recognised in other comprehensive income (Note 8)	(33)	(4)
Currency realignment	(6)	(8)
At 31 May	106	133

The deferred tax consists of the tax effects of the following items:

	Group		Consolidated income statement	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Difference in depreciation for tax purposes	(75)	(75)	–	16
Deferred tax assets:				
Provisions and accruals	55	52	(3)	(100)
Employee benefits liabilities	14	42	(11)	(5)
Unutilised losses	24	24	–	2
Unutilised capital allowances	84	84	–	67
Other items	4	6	2	–
Total	181	208		
Represented by:				
Deferred tax assets	106	133		
Deferred tax expenses			(12)	(20)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when deferred income taxes relate to the same fiscal authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

13. Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has unutilised losses of approximately $3,897,000 (2017: $1,369,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries

The Group has not recognised deferred tax liability in respect of undistributed profits of subsidiaries because the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future. Such temporary differences for which no deferred tax liability has been recognised amounted to $2,663,000 (2017: $2,308,000). The deferred tax liability is estimated to be $266,000 (2017: $259,000).

14. Gross amount due from customers for contract work-in-progress

	Group	
	2018	**2017**
	$'000	$'000
Aggregate amount of costs incurred	37,035	32,098
Less: Aggregate amount of costs charged to profit or loss to date	(32,664)	(25,006)
	4,371	7,092
Retention amounts due from customers (Note 15)	640	339
Unbilled revenue (Note 15)	844	905

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

15. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables - external	5,493	2,743	–	–
Trade receivables - related party	638	–	–	–
Retention amounts due from customers	640	339	–	–
	6,771	3,082	–	–
Less: Allowance for impairment	(213)	(178)	–	–
Unbilled revenue	844	905	–	–
Trade receivables, net	7,402	3,809	–	–
<u>Other receivables</u>				
Creditable withholding tax and Input Value Added Tax	729	617	–	–
Advance payment to suppliers	126	45	–	–
Deposits	100	130	–	–
Notes receivable	–	63	–	–
Less: Allowance for impairment	–	(63)	–	–
Sundry receivables	125	36	–	–
Staff advances	123	35	–	–
Prepaid expenses	109	128	23	19
Amount due from related parties	47	26	13	*
Other receivables	1,359	1,017	36	19
Total trade and other receivables	8,761	4,826	36	19
<u>Less: Non-financial assets</u>				
Prepaid expenses	(109)	(128)	(23)	(19)
Creditable withholding tax and Input Value Added Tax	(729)	(617)	–	–
	7,923	4,081	13	–
Add: Cash and bank balances (Note 17)	672	2,351	14	1,021
Add: Amounts due from subsidiaries (Note 16)	–	–	4,726	1,289
Add: Deposits (Non-current)	86	60	–	–
Total loans and receivables	8,681	6,492	4,753	2,310

*denotes amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

15. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' term. They are recognised at the original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currency at 31 May 2018 and 2017 are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
United States Dollar	247	312	–	–

Receivables that are past due but not impaired

As at 31 May 2018, the Group has trade receivables amounting to $1,700,000 (2017: $857,000) that are past due at the reporting date but not impaired. The receivables that are past due but not impaired are not secured by any collateral or credit enhancements.

The ageing analysis of the Group's trade receivables are as follow:

	Group	
	2018	**2017**
	$'000	$'000
Not past due and not impaired	4,858	2,047
Receivables past due but not impaired:		
1 to 30 days	943	504
31 to 90 days	576	238
More than 90 days	181	115
	1,700	857
Receivables that are impaired	213	178
	6,771	3,082

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Collaterals

As at 31 May 2017, project financing from bank (Note 19) is secured by a fixed charge over certain trade receivables of a subsidiary.

15. Trade and other receivables (cont'd)

Receivables that are impaired

The Group's trade and notes receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2018	**2017**
	$'000	$'000
Trade receivables – nominal amounts	213	178
Note receivables	–	63
Less: Allowance for impairment	(213)	(241)
	–	–
Movement in allowance accounts:		
At 1 June	241	219
Charge for the year	16	108
Written back	(17)	(76)
Currency realignment	(27)	(10)
At 31 May	213	241

Trade receivables that are individually determined to be impaired at the reporting date relate to invoices in dispute and unlikely to be recovered. These receivables are not secured by any collateral or credit enhancements.

Amounts due from related parties

These amounts are non-trade related, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

16. Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are non-trade related, unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

17. Cash and bank balances

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Current assets				
Cash at banks	455	1,111	4	15
Short-term and fixed deposits	195	1,202	10	1,006
Cash on hand	22	38	–	–
	672	2,351	14	1,021
Less: Pledged bank deposits	(185)	(185)	–	–
Cash and cash equivalents	487	2,166	14	1,021

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits excluding pledged deposits are withdrawable on one-month notice, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The pledged deposits are placed as security with one of the subsidiary's Banker's Guarantee. The weighted average effective interest rates as at 31 May 2018 for the Group and the Company were 0.57% (2017: 0.58%) and 0.69% (2017: 0.62%) respectively.

The restricted bank deposits which are non-interest bearing have been pledged to secure the issuance of bank guarantees, which are not immediately available for use in the business.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2018	**2017**
	$'000	$'000
Cash and bank balances	672	2,351
Less: Pledged bank deposits	(185)	(185)
Cash and cash equivalents	487	2,166

18. Trade and other payables

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	$'000	$'000	$'000	$'000
Trade payables - external		2,188	2,829	–	–
Trade payables - related parties		170	–	–	–
Other payables		688	270	337	142
Output Value Added Tax		385	147	*	4
Accrued liabilities		906	677	230	154
Accruals for project costs		723	1,069	–	–
Advances from shareholder		2,708	–	2,708	–
Amounts due to related parties (non-trade)		12	17	3	–
Total trade and other payables		7,780	5,009	3,278	300
Less: Non-financial liability					
Output Value Added Tax		(385)	(147)	*	(4)
		7,395	4,862	3,278	296
Add:					
Amounts due to subsidiaries	16	–	–	166	50
Loan and borrowings	19	1,355	2,131	1,000	941
Total financial liabilities carried at amortised cost		8,750	6,993	4,444	1,287

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 180 days' terms.

Trade payables denominated in foreign currency at 31 May 2018 and 2017 are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
United States Dollar	*	*	–	–

* denotes amount less than S$1,000

Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 180 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

18. Trade and other payables (cont'd)

Advances from shareholder

These amounts are non-trade related, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

Amounts due to related parties (non-trade)

These amounts are non-trade related, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

19. Loan and borrowings

	Maturity	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Current:					
Obligations under finance leases (Note 24b)	2019	67	68	–	–
Previous Shareholder's loan	16 Aug 2017	–	941	–	941
Shareholder's loan	22 June 2018	1,000	–	1,000	–
Loan 1	31 July 2017	–	300	–	–
Loan 2	11 June 2018	22	257	–	–
Loan 3	2019	86	243	–	–
		1,175	1,809	1,000	941
Non-Current:					
Obligations under finance leases (Note 24b)	2019 - 2025	180	72	–	–
Loan 2	-	–	22	–	–
Loan 3	-	–	228	–	–
		180	322	–	–
Total loans and borrowings		1,355	2,131	1,000	941

<u>Obligations under finance leases</u>

These obligations are secured by a charge over the leased assets (Note 10). The average discount rate implicit in the leases is 2.79% (2017: 2.69% p.a.).

<u>Previous Shareholder's Loan</u>
Shareholder's loan from TEE International Limited is unsecured, bears interest at the rate of 5.35% per annum and has been settled in cash in June 2017.

19. Loan and borrowings (cont'd)

Shareholder's Loan
Shareholder's loan from Yinda Pte. Ltd. is unsecured, bears interest at the rate of 3.25% per annum.

Loan and borrowings

- Loan 1 relates to a SGD denominated project financing from a bank which is secured by a fixed charge over certain trade receivables of a subsidiary (Note 15) and corporate guarantees (Note 25) provided by the Company. The loan carried a floating interest rate of 2.75% p.a. plus the bank's cost of funds or applicable SWAP offer rate whichever is higher, as determined by the bank on the day of transaction. The loan has been fully settled in cash in July 2017.

- Loan 2 is a two-year SGD denominated term loan which bears fixed interest rate of 3.25% (2017: 3.25%) per annum. The loan is unsecured and repayable in 24 equal monthly instalments commencing on 11 July 2016 and has been fully settled in cash in June 2018.

- Loan 3 consist of two-year SGD denominated term loans of $300,000 and $200,000 which bears fixed interest rate of 7.0% (2017: 7.0%) and 6.25% (2017: 6.25%) respectively. The loans are unsecured and repayable in 24 equal monthly instalments commencing on 24 May 2017 and 28 April 2017 respectively. The term loan of $300,000 has been fully settled in July 2017.

A reconciliation of the liabilities arising from financing activities is as follows:

	2017	Cash flows	Non-cash changes		2018
			Addition	Other	
	$'000	$'000	$'000	$'000	$'000
Advances from shareholder	–	2,708	–	–	2,708
Amount due to related parties (non-trade)	17	(5)	–	–	12
Previous Shareholder's loan	941	(941)	–	–	–
Shareholder's loan	–	1,000	–	–	1,000
Loans					
- current	800	(942)	–	250	108
- non-current	250	–	–	(250)	–
Obligations under finance leases					
- current	68	(73)	27	45	67
- non-current	72	–	153	(45)	180
Total	2,148	1,747	180	–	4,075

The 'other' column relates to reclassification of non-current portion of loans and borrowings including obligations under finance leases due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

20. Employee benefit liabilities

As at 31 May 2018 and 2017, the Group has recorded estimated employee benefit liabilities based on the actuarial calculations prepared by independent firms of actuaries using the "Projected Unit Credit" method.

The subsidiary in Thailand operates an unfunded benefit scheme, Legal Severance Pay Plan (“LSP”), for qualifying employees.

The subsidiary in Philippines has not yet established a formal post-employment benefit plan but it accrues the post-employment benefits under a defined benefit plan using the projected unit credit method as computed by an independent actuary.

The following tables summarise the components of net benefit expense recognised in the income statement and amounts recognised in the statement of financial position.

	Group	
	2018	**2017**
	$'000	$'000
Net benefit expense		
Current service cost	38	36
Interest cost on benefit liabilities	9	7
Net benefit expense	47	43
Net actuarial gains recognised in the other comprehensive income	(125)	(13)

Changes in present value of the employee benefit liabilities are as follows:

	Group	
	2018	**2017**
	$'000	$'000
At 1 June	219	194
Current service cost	38	36
Interest cost on benefit liabilities	9	7
Actuarial gains on obligation	(125)	(13)
Exchange differences	(7)	(5)
At 31 May	134	219

The principal assumptions used in determining the Group’s employee benefits are as follows:

	Group	
	2018	**2017**
Discount rates	1.5% - 8.0%	2.7% - 5.45%
Expected rate of salary increases	5%	5%
Mortality rates	3%	3%
Price inflation	3%	3%

20. Employee benefit liabilities (cont'd)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

		Group	
		2018	2017
	Increase/ (decrease) %	(Decrease)/ increase in net employee benefit liabilities S$'000	(Decrease)/ increase in net employee benefit liabilities S$'000
Discount rate	1.0	(20)	(22)
	(1.0)	24	26
Salary increase rate	1.0	13	34
	(1.0)	(10)	(29)

21. Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:-				
At 1 June and 31 May	152,000	14,542	152,000	14,542

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

22. Reserves

	Group	
	2018 $'000	2017 $'000
Foreign currency translation reserve	3	(23)
Capital reserves	1,890	1,890
Merger reserves	(10,397)	(10,397)
Statutory reserves	49	49
Others	6	6
	(8,449)	(8,475)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

22. Reserves (cont'd)

(a) ***Foreign currency translation reserve***

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(b) ***Capital reserves***

Capital reserve comprises the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attributed to the owners of the Company.

(c) ***Statutory reserves***

Statutory reserves represent the fund set aside on the appropriation of net profit by the subsidiary in Thailand, in accordance with regulations governed in that country. Statutory reserves cannot be used for dividend payment.

(d) ***Merger reserves***

Merger reserves represent the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under the "pooling-of-interest" method.

23. Related party transactions

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

	Group	
	2018	**2017**
	$'000	$'000
Sales of services	656	7
Purchases of raw materials from a related party	149	–
Interest paid on shareholder's loan	39	54

Compensation of key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director of the Group.

23. Related party transactions

The remuneration of key management personnel during the year is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Short-term employee benefits (including directors' remuneration)	635	835
Directors' fee	185	202
Defined contribution plan	42	60
Consultation fee	84	–
	946	1,097
Comprise amounts paid to:		
Directors of the Company	305	459
Other key management personnel	641	638
	946	1,097

24. Commitment

(a) Operating lease commitments

The Group has entered into several lease agreements in respect of the lease of office buildings, motor vehicles and equipment. These non-cancellable leases have average tenure of one to five years. Future minimum lease payments payable under these non-cancellable operating leases are as follows:

	Group	
	2018	**2017**
	$'000	$'000
Within one year	424	443
Later than one year but not later than five years	610	803
	1,034	1,246

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

24. Commitment

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment.

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

	Group			
	2018		**2017**	
	$'000		$'000	
	Minimum lease payments	Present value of payments (Note 19)	Minimum lease payments	Present value of payments (Note 19)
Not later than one year	79	67	73	68
Later than one year but not later than five years	184	157	77	72
Later than five years	23	23	–	–
Total minimum lease payments	286	247	150	140
Less: Amounts representing finance charges	(39)	–	(10)	–
Present value of minimum lease payments	247	247	140	140

25. Corporate guarantees

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Corporate guarantees given to secure banking facilities & lender granted to:				
- a subsidiary	–	–	5,000	4,352

Corporate guarantees given by the Company will become due and payable on demand when an event of default occurs. No liability was recognised from the issuance of the corporate guarantees to a subsidiary as management has assessed the risk of default to be remote and therefore, the fair value of the corporate guarantee to be immaterial.

26. Fair value of assets and liabilities

(a) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Trade and other receivables and payables (Notes 15 and 18), cash and bank balances (Note 17), restricted bank deposits (Note 17), amounts due from/(to) subsidiaries (Note 16), and loan and borrowings (Note 19).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values as they are short-term in nature, market interest rate instruments, or fixed rate instruments whereby the fixed rates approximate market interest rates on or near the end of the reporting period.

(b) ***Assets and liabilities not carried at fair value but for which fair value is disclosed***

There are no assets and liabilities that are not measured at fair value at 31 May 2018 and 2017 but for which fair value is disclosed.

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

There are no financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

27. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk and credit risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The following provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

27. Financial risk management objectives and policies (cont'd)

(a) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk and credit risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain sufficient cash and continuity of funding through an adequate amount of committed credit facilities.

The table summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less	**1 to 5 years**	**Total**
	S$'000	S$'000	S$'000
Group			
2018			
Financial assets:			
Trade and other receivables	7,923	–	7,923
Cash and bank balances	672	–	672
Deposits	–	86	86
Total undiscounted financial assets	8,595	86	8,681
Financial liabilities:			
Trade and other payables	7,395	–	7,395
Loan and borrowings	1,200	219	1,419
Total undiscounted financial liabilities	8,595	219	8,814
Total net undiscounted financial liabilities	–	(133)	(133)
2017			
Financial assets:			
Trade and other receivables	4,081	–	4,081
Cash and bank balances	2,351	–	2,351
Deposits	–	60	60
Total undiscounted financial assets	6,432	60	6,492
Financial liabilities:			
Trade and other payables	4,862	–	4,862
Loan and borrowings	1,860	334	2,194
Total undiscounted financial liabilities	6,722	334	7,056
Total net undiscounted financial liabilities	(290)	(274)	(564)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

27. Financial risk management objectives and policies (cont'd)

(a) ***Liquidity risk (cont'd)***

	1 year or less	1 to 5 years	Total
	S$'000	S$'000	S$'000
Company			
2018			
Financial assets:			
Trade and other receivables	13	–	13
Amounts due from subsidiaries	4,726	–	4,726
Cash and bank balances	14	–	14
Total undiscounted financial assets	4,753	–	4,753
Financial liabilities:			
Trade and other payables	570	–	570
Amounts due to immediate holding company	2,708	–	2,708
Amounts due to subsidiaries	166	–	166
Loan and borrowings	1,031	–	1,031
Total undiscounted financial liabilities	4,475	–	4,475
Total net undiscounted financial assets	278	–	278

*Denotes amount less than S$1,000

	1 year or less	1 to 5 years	Total
2017			
Financial assets:			
Trade and other receivables	*	–	*
Amounts due from subsidiaries	1,289	–	1,289
Cash and bank balances	1,021	–	1,021
Total undiscounted financial assets	2,310	–	2,310
Financial liabilities:			
Trade and other payables	296	–	296
Amounts due to subsidiary company	50	–	50
Loan and borrowings	952	–	952
Total undiscounted financial liabilities	1,298	–	1,298
Total net undiscounted financial assets	1,012	–	1,012

*Denotes amount less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

27. Financial risk management objectives and policies (cont'd)

(a) ***Liquidity risk (cont'd)***

The table below shows the contractual expiry by maturity of the Company's corporate guarantees. The maximum amount of the corporate guarantee contracts is allocated to the earliest period in which the guarantee could be called.

	1 year or less
	S$'000
Company	
2018	
Corporate guarantees	5,000
2017	
Corporate guarantees	4,352

(b) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a party default on its obligations. The Group's exposure to credit risk arises primarily from gross amount due from customers for contract work-in-progress, trade and other receivables and cash and bank balances.

The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts are not significant.

Cash and bank balances are placed with reputable financial institutions during the financial year.

At the end of the reporting period, approximately 55.3% (2017: 50.9%) of the Group's trade receivables were due from three major customers who are multi-industry conglomerates located in Singapore, Thailand and the Philippines.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by a nominal amount of $4,485,000 (2017: $4,352,000) relating to a corporate guarantee provided by the Company to a bank on a subsidiary's bank loan.

28. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 May 2018 and 31 May 2017.

The Group's net debt includes loan and borrowings, less cash and cash equivalents.

	Group	
	2018	**2017**
	$'000	$'000
Loan and borrowings (Note 19)	(1,355)	(2,131)
Add: Cash and cash equivalents (Note 17)	487	2,166
Net cash	(868)	35

29. Segment information

For management purposes, the Group is organised into operating segments based on their geographical locations in Singapore, Thailand, Philippines and Malaysia.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29. Segment information (cont'd)

	Singapore		Thailand		Philippines		Malaysia		Adjustments and eliminations		Note	Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
External customers	10,805	8,727	4,090	3,571	1,807	1,940	–	–	–	–		16,702	14,238
Gross profit	852	1,773	1,066	907	718	694	–	–	–	–		2,636	3,374
Operating (loss)/profit	(2,070)	(3,651)	263	(73)	(610)	(504)	(23)	(34)	(48)	28	A	(2,488)	(4,234)
Interest income												7	15
Finance costs												(71)	(111)
Loss before taxation												(2,552)	(4,330)
Income tax expense												119	8
Loss for the financial year												(2,433)	(4,322)
Segment assets	17,736	15,092	3,722	3,834	2,629	2,288	29	37	(9,059)	(5,776)	B	15,057	15,475
Segment liabilities	11,215	6,451	1,332	1,550	2,547	1,630	90	73	(5,552)	(1,969)	C	9,632	7,735
Net assets	6,521	8,641	2,390	2,284	82	658	(61)	(36)	(3,507)	(3,807)		5,425	7,740
Other information:													
Allowance for doubtful debts	–	27	–	–	16	18	–	–	–	–		16	45
Write back of provision for doubtful debts	–	(25)	–	–	(17)	(51)	–	–	–	–		(17)	(76)
Depreciation of property, plant and equipment	204	210	74	82	71	66	–	–	–	–		349	358
Amortisation of intangible assets	–	596	46	45	–	–	–	–	–	–		46	641
Impairment of intangible assets	–	2,385	–	–	–	–	–	–	–	–		–	2,385
Impairment of notes receivable	–	–	–	–	–	63	–	–	–	–		–	63
Purchase of property, plant and equipment	370	93	73	8	13	140	–	–	–	–		456	241

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2018

29. Segment information (cont'd)

Note A

The following items are deducted from/ (added to) segment profit to arrive at "Operating loss" presented in the consolidated income statements:

	2018 $'000	2017 $'000
Others	(48)	28

Note B

The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018 $'000	2017 $'000
Inter-segment assets	(9,059)	(5,776)

Note C

The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018 $'000	2017 $'000
Inter-segment liabilities	(5,552)	(1,969)

Information about major customers

Revenue from the three major customers in Singapore, Thailand and the Philippines contributed 55.9% (2017: 54.4%) of the total revenue of the Group.

30. Events occurring after reporting period

On 30 July 2018, the shareholder's loan amounting to $1 million has been repaid in full. Interest on the shareholder's loan amounting to $19,544 were repaid in full on 10 August 2018.

31. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 May 2018 were authorised for issue in accordance with a resolution of the directors on 24 August 2018.

ANALYSIS OF SHAREHOLDINGS

AS AT 10 AUGUST 2018

TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES)	:	152,000,000
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE
TREASURY SHARES & SUBSIDIARY HOLDINGS	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.23	20	0
100 – 1,000	23	5.39	20,200	0.01
1,001 – 10,000	280	65.57	1,419,000	0.93
10,001 – 1,000,000	119	27.87	11,032,500	7.26
1,000,001 & above	4	0.94	139,528,280	91.80
TOTAL	427	100.00	152,000,000	100.00

TOP TWENTY SHAREHOLDERS AS AT 10 AUGUST 2018		NO. OF SHARES	%
1.	UOB KAY HIAN PTE LTD	78,781,180	51.83
2.	YINDA PTE. LTD	56,552,000	37.21
3.	DB NOMINEES (S) PTE LTD	2,687,000	1.77
4.	CIMB SECURITIES (SINGAPORE) PTE LTD	1,508,100	0.99
5.	CITIBANK NOMINEES SINGAPORE PTE LTD	770,000	0.51
6.	CHEW SIEW ENG	550,000	0.36
7.	SAW CHIN CHOO	520,000	0.34
8.	LEE HUNG MING	480,000	0.32
9.	SEAH MOON MING	480,000	0.32
10.	MAYBANK KIM ENG SECURITIES PTE LTD	470,300	0.31
11.	TAN ENG LEE	400,000	0.26
12.	WONG CHEONG BOOU OR YEO EE YONG MRS WONG CHEONG BOOU	381,800	0.25
13.	LIM SWEE JOO	375,800	0.25
14.	LEE CHEE KIONG BURNIE	225,000	0.15
15.	YEO WEI NING, WILLY (YANG WEINING, WILLY)	204,500	0.13
16.	CHEW MOH KAY	200,000	0.13
17.	EKE CHARLOTTE HENRIETTA	200,000	0.13
18.	KOH MUI SONG	200,000	0.13
19.	LEE GUAT CHENG	200,000	0.13
20.	LIM KIAN MENG	200,000	0.13
		145,385,680	95.65

ANALYSIS OF SHAREHOLDINGS
AS AT 10 AUGUST 2018

FREE FLOAT

Based in the information provided to the Company as at 14 August 2017, approximately 14.81% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited has been complied with.

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 10 August 2018.

Name of Shareholders	Direct Interest No. of Shares	Direct Interest %(4)	Deemed Interest No. of Shares	Deemed Interest %(4)
Yinda Pte. Ltd.(1)	120,437,180	79.23%	–	–
Shanghai Yinda Science and Technology Industrial Co Ltd(2)	–	–	120,437,180	79.23%
Shanghai Yinda Technology Group Co Ltd(2)	–	–	120,437,180	79.23%
Song Xingyi(2)	–	–	120,437,180	79.23%
Qian Zhongcheng(2)	–	–	120,437,180	79.23%
Wang Zhijun(2)	–	–	120,437,180	79.23%
Wang Hua(2)	–	–	120,437,180	79.23%
Dato Abdul Rahman Bin Yusof(3)	–	–	8,098,000	5.33%

(1) A total of 63,885,180 shares held by Yinda Pte. Ltd. are held through its nominee, UOB Kay Hian Pte. Ltd.

(2) Yinda Pte. Ltd. is wholly-owned by Shanghai Yinda Science and Technology Industrial Co Ltd ("**Shanghai Yinda**"). Shanghai Yinda is in turn held by Shanghai Yinda Technology Group Co Ltd ("**Shanghai Yinda Group**") (60%), Song Xingyi (20%) and Qian Zhongcheng (20%). Shanghai Yinda Group is in turn held by Song Xingyi (44.0%), Wang Hua (34.0%), Wang Zhijun (14.0%) and Qian Zhongcheng (8.0%). Song Xingyi is the spouse of Wang Zhijun. The above-mentioned shareholders are deemed to have an interest in the 120,437,180 shares held by Yinda Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) Dato' Abdul Rahman Bin Yusof is deemed to have an interest in 7,448,000 shares held by CMC Engineering Sdn. Bhd. and 500,000 shares held by Ray Venture Inc (through its nominee, Citibank Nominees Singapore Pte Ltd), by virtue of Section 7 of the Companies Act. He is also deemed to be interested in 150,000 shares held by his wife, Adilah Binti Abdullah (through her nominee, CIMB Securities (Singapore) Pte Ltd) by virtue of Section 7 of the Companies Act.

(4) The percentages of issued share capital are calculated based on 152,000,000 issued shares in the capital of the Company as at 10 August 2018.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of YINDA Infocomm Limited (the "**Company**") will be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road, Singapore 769162 on Friday, 14 September, 2018 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 May 2018 and the Directors' Statement and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$180,500 for the financial year ending 31 May 2019, payable quarterly in arrears. **(Resolution 2)**

3. To re-elect the following directors who will retire pursuant to Article 114 of the Constitution of the Company:

   Mdm. Song Xingyi **(Resolution 3)**
   Mr. Henry Tan Song Kok **(Resolution 4)**
   Ms. Tang Qun **(Resolution 5)**
   Mr. Cheam Heng Haw, Howard **(Resolution 6)**
   See Explanatory Note (i) below

4. To re-appoint Messrs. Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

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

5. **AUTHORITY TO ALLOT AND ISSUE SHARES** **(Resolution 8)**

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

   (A) (i) issue and allot new shares ("**Shares**") in the capital of the Company 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) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (B) (notwithstanding that this authority may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

NOTICE OF
ANNUAL GENERAL MEETING

PROVIDED ALWAYS that:

(1) the aggregate number of Shares to be issued pursuant to this authority (including the Shares to be issued in pursuance of Instruments, made or granted pursuant to this authority), shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments, made or granted pursuant to this authority) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority was conferred, after adjusting for:

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

(ii) new Shares arising from the exercise of share options or the vesting of share awards which are outstanding or subsisting at the time this authority was conferred; and

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

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

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

See Explanatory Note (ii) below

6. To transact any other business that may be properly transacted at an Annual General Meeting.

By Order of the Board

Claudia Teo Kwee Yee
Company Secretary

30 August 2018

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(i) (a) Mdm. Song Xingyi shall, upon re-election as Director of the Company, remain as the member of the Nominating and Remuneration Committees;

(b) Mr. Henry Tan Song Kok shall, upon re-election as Director of the Company, remain as the Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee, and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

(c) Ms. Tang Qun shall, upon re-election as Director of the Company, remain as Independent Director, the Chairman of the Nominating and member of Audit and Remuneration Committees and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

(d) Mr. Cheam Heng Haw, Howard shall, upon re-election as Director of the Company, remain as Independent Director, the Chairman of the Remuneration and member of Audit Committee and shall be considered independent for the purposes of Rule 704(7) of the SGX-ST Rules of Catalist.

(ii) Ordinary Resolution 8, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is carried or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares in the Company and/or the Instruments (as defined above). The aggregate number of Shares (including Shares to be made in pursuance of Instruments, made or granted pursuant to this Resolution) which the Directors may allot and issue, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the total number of Shares and convertible securities other than on a pro-rata basis to existing Shareholders, shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company.

Notes:

(a) A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies, to attend and vote on his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A proxy need not be a member of the Company.

(b) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

(c) A member (who is a **Relevant Intermediary***) is entitled to appoint more than two proxies to attend and vote at the meeting. He shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

*__Relevant Intermediary__ is:

(i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

(ii) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act, Chapter 289 and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased on behalf of CPF investors.

(d) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act, Chapter 50.

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

(f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney 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.

(g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

(h) In the case of joint shareholders, all shareholders must sign the instrument appointing a proxy or proxies.

(i) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse the admission of any person or persons appointed under the instrument of proxy, to the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(j) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member(s) are not shown to have shares entered against his/her/their name(s) 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.

(k) A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his/her name appears on the Depository Register 72 hours before the time appointed for the Annual General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.

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 Ms. Alicia Sun (Telephone: +65- 6532 3829) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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YINDA INFOCOMM LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201506891C)

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy YINDA INFOCOMM LIMITED. shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
5. 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 accompanying Notice of Annual General Meeting.

PROXY FORM

I/We ______________________________, (NRIC/Passport No.) ______________

of ____

being a member/members of the above-mentioned Company, hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings Represented by proxy	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings Represented by proxy	
		No. of shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend, speak and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Orchid Country Club, Emerald Suite, 1 Orchid Club Road, Singapore 769162 on Friday, 14 September 2018 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as he/she/they will on any other matter arising at the AGM and any adjournment thereof.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

NOTE: Each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	For**	Against**
	Ordinary Business		
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 May 2018 and the Directors' Statement and the Auditors' Report thereon.		
2.	To approve the Directors' fees of S$180,500 for the financial year ending 31 May 2019, payable quarterly in arrears.		
3.	To re-elect Mdm. Song Xingyi as Director pursuant to Article 114.		
4.	To re-elect Mr. Henry Tan Song Kok as Director pursuant to Article 114.		
5.	To re-elect Ms. Tang Qun as Director pursuant to Article 114.		
6.	To re-elect Mr. Cheam Heng Haw, Howard as Director pursuant to Article 114.		
7.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
8.	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		

Notes:

* Please delete accordingly.
** Please indicate your vote "For" or "Against" with an "X" within the box provided.

Dated this ________ day of ______________ 2018

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

____
Signature(s) of member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes to the Proxy Form

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") a member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he 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 the member of the Company.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediaries is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the registered office of the Company at 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874 not less than forty-eight (48) hours before the time appointed for the Meeting.

8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be 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.

9. 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.

10. 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 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

11. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

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 accompanying Notice of Annual General Meeting.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
MDM. SONG XINGYI Non-Executive, Non-Independent Chairman
MR. HENRY TAN SONG KOK Lead Independent Director
MR. CHEAM HENG HAW, HOWARD Independent Director
MS. TANG QUN Independent Director

AUDIT COMMITTEE
MR. HENRY TAN SONG KOK Chairman
MS. TANG QUN Member
MR. CHEAM HENG HAW, HOWARD Member

NOMINATING COMMITTEE
MS. TANG QUN Chairman
MDM. SONG XINGYI Member
MR. HENRY TAN SONG KOK Member

REMUNERATION COMMITTEE
MR. CHEAM HENG HAW, HOWARD Chairman
MS. TANG QUN Member
MDM. SONG XINGYI Member

COMPANY SECRETARY
CLAUDIA TEO KWEE YEE

REGISTERED OFFICE
5008 Ang Mo Kio Avenue 5
#04-07 Techplace II
Singapore 569874
Tel: (65) 6654 1200
Fax: (65) 6747 8631
Website: www.yinda.com.sg

SHARE REGISTRAR
B.A.C.S. PRIVATE LIMITED
8 Robinson Road #03-00
ASO Building
Singapore 048544

INDEPENDENT AUDITOR
ERNST & YOUNG LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: **YEOW HUI CHENG**
(since financial year ended 31 May 2017)

SPONSOR
SAC CAPITAL PRIVATE LIMITED
1 Robinson Road #21-00
AIA Tower
Singapore 048542

PRINCIPAL BANKERS
United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited

Yinda Infocomm Ltd.
5008 Ang Mo Kio Avenue 5 #04-07 Techplace II Singapore 569874
Tel: +65 6654 1200 Fax: +65 6747 8631 Website: **www.yinda.com.sg**