YINDA INFOCOMM

BUILDING CONNECTIONS

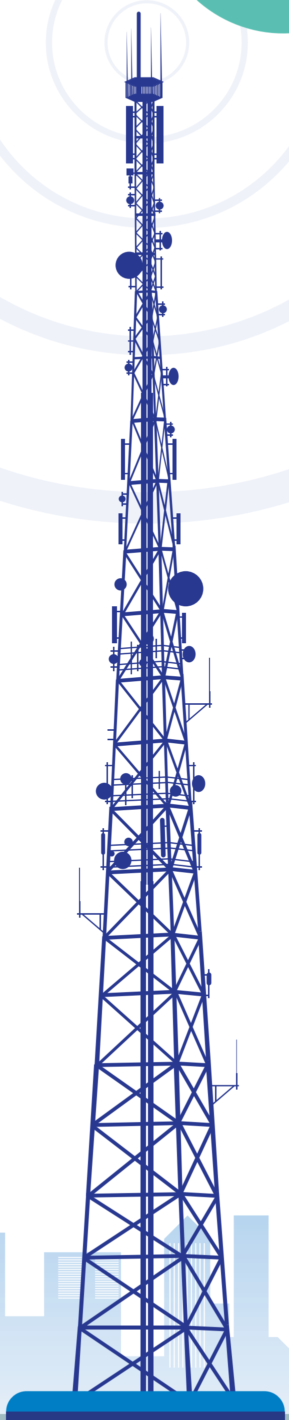
ANNUAL REPORT 2019

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.



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CORPORATE PROFILE

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

The Company 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 Limited (the "**Company**" and together with its subsidiaries, the **Group**") for the financial year ended 31 May ("**FY**") 2019.

FY2019 BUSINESS REVIEW

It was another challenging year for the Group in our telecommunication industry.

FY2019 has been a significant year, as this is the first financial year after the IPO in FY2015 the Group turned profitable, as well as achieve a revenue growth of 29.2% as compared to FY2018.

The Board of Directors led the management team through several round of management restructuring and improvements, including improvement of project delivery capabilities, man-power productivity and optimisation of work-flow.

The Group faces various challenges in the telecommunication industry, and we will continuously improve our productivity by improving our project delivery.

FINANCIAL PERFORMANCE

For FY2019, the Group recorded a higher revenue of S$18.0 million as compared to S$13.9 million (restated) in the FY2018 representing an increase of S$4.1 million or 29.2%. The restatement of revenue for FY2018 resulted in a decrease of revenue by S$2.8 million due to the adoption of SFRS(I)15.

Revenue for FY2019 increased mainly from the Telecommunication Implementation projects of S$2.6 million in Singapore, and increase in Networking Planning Optimisation projects in Singapore of S$1.1 million, Thailand of S$0.8 million and the Philippines of S$0.5 million, partially offset with the decrease in In-Building Construction projects across the Group of approximately S$0.9 million.

The increase was mainly due to a few projects being completed in the second half of FY2019, as well as a result of the Group increasing its marketing and operational activities across the regions.

FUTURE PROSPECTS

While the entrance of a fourth telecommunications operator and the transition of Singapore to a digital economy may open up new opportunities, the Group remains cautious amid the prevailing economic uncertainties.

The Group may face continued pressures on its margins as competition is expected to remain in the telecommunication environment. However, the Group is actively taking steps to manage its costs and streamline its business processes so as to achieve cost and operational optimization.

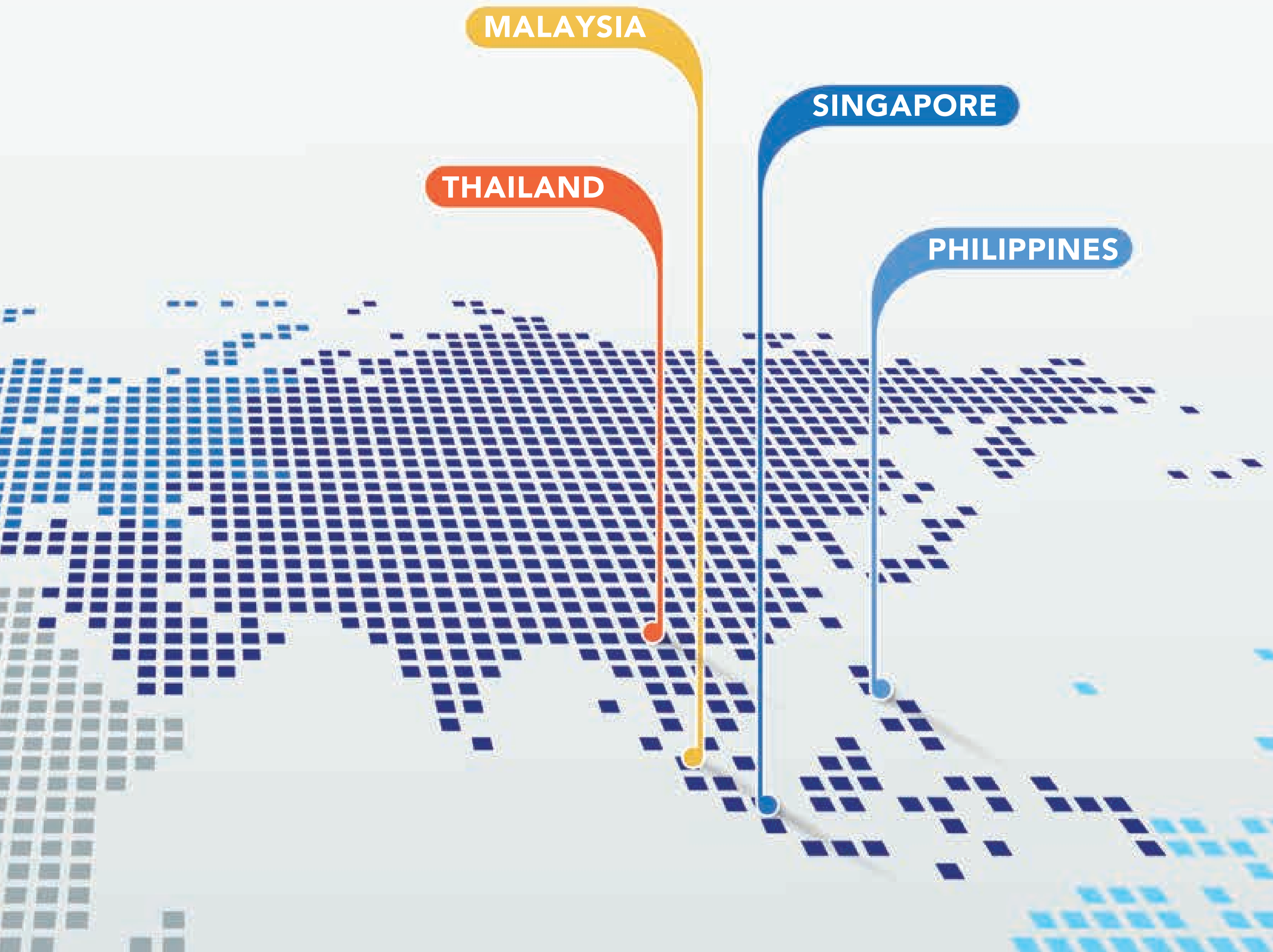
The Group will continue to focus its efforts in servicing its existing customers based in Singapore, Thailand and the Philippines, as well as to explore new markets.

ACKNOWLEDGEMENTS

On behalf of the Board, we would like to express our gratitude to our staff for their dedication and commitment towards the Group's consolidation efforts amidst the volatile operating environment. We would also like to thank our Board of Directors, customers, business associates and shareholders for their unwavering support and faith in the Group.

REGIONAL PRESENCE

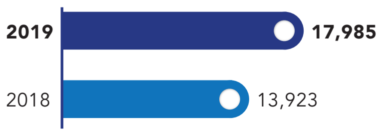
OUR PRESENCE IN THESE MARKETS NURTURES OUR ABILITY TO ADAPT TO DIVERSE OPERATING CONDITIONS, ENABLING US TO RESPOND QUICKLY TO THE CHANGING NEEDS AND REQUIREMENTS OF OUR CUSTOMERS AND SECURE PROJECTS ON PROVIDING SOLUTIONS AND SERVICES BEYOND SINGAPORE. THROUGH OUR REGIONAL BUSINESS NETWORKS, WE ARE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



FINANCIAL HIGHLIGHTS

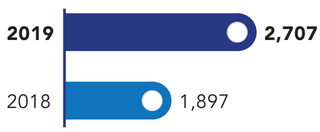
FOR THE YEAR (S$'000)	2019	2018 (Restated)
Revenue	**17,985**	13,923
Earnings (Loss) before interest, tax, depreciation & amortisation (EBITDA)	**1,421**	(1,718)
Profit/(loss) before tax	**795**	(2,185)
Profit/(loss) for the year	**747**	(1,976)
Profit/(loss) attributable to owners of the company	**747**	(1,976)
AT YEAR END (S$'000)		
Current assets	**13,861**	11,007
Total assets	**15,637**	12,750
Current liabilities	**12,406**	10,539
Total liabilities	**12,930**	10,853
Total debts (Including shareholder's loan)	**5,851**	1,355
Equity attributable to owners of the company	**2,707**	1,897
Total equity	**2,707**	1,897
Number of shares as at 31 May	**152,000,000**	152,000,000
PROFITABILITY RATIOS		
Return on shareholders' equity (%)	**27.60**	(104.16)
Return on total assets (%)	**4.78**	(15.50)
LEVERAGE RATIOS		
Long-term debt to equity ratio (times)	**0.12**	0.09
Total debts to equity ratio (times)	**2.16**	0.71
LIQUIDITY ANALYSIS RATIOS		
Current ratio (times)	**1.12**	1.04
Net asset value per share (cents)	**1.78**	1.25

REVENUE (S$'000)



EBITDA (S$'000)

SHAREHOLDERS' EQUITY (S$'000)



FINANCIAL REVIEW

INCOME STATEMENT

The Group's revenue increased by S$4.1 million or 29.2% from S$18.0 million in for the financial year ended 31 May ("**FY**") 2019 as compared to S$13.9 million (restated) in FY2018. The restatement of revenue for FY2018 resulted in a decrease by S$2.8 million as a result due to the adoption of SFRS(1)15. Revenue for FY2019 increased mainly from both Telecommunications Implementation ("**TI**") and Networking Planning Optimisation ("**NPO**") projects, by S$2.6 million and S$2.4 million respectively, partially offset with the decrease in In-Building Construction ("**IBC**") projects across the Group of approximately S$0.9 million. The increase was mainly due to a few projects being completed in the second half of FY2019 as well as a result of the Group increasing its marketing and operational activities across the regions.

The change in inventories, materials consumed and subcontractors costs related to our projects increased by approximately 14.0% from S$5.5 million in FY2018 to S$6.2 million in FY2019 in line with the increase in revenue.

Employee benefits expenses represent the staff cost incurred during the year. Both employee benefit expenses for project related and administrative increased slightly from S$5.0 million to S$5.3 million, and S$2.2 million to S$2.4 million respectively, which is also in line with the increase in the Group's revenue.

There were no significant changes to depreciation expenses in absolute terms. The increase in depreciation of property plant and equipment was mainly due to the additions of property, plant and equipment of approximately S$0.5 million during the year.

The decrease in legal and professional fee paid of approximately 35.2% from S$0.8 million in FY2018 to S$0.5 million in FY2019 largely due to higher legal and professional fee incurred during FY2018 during the transition period of the change of shareholder to Yinda Pte. Ltd.

Other general and administrative expenses increased by approximately 3.8% from S$2.3 million in FY2018 to S$2.4 million in FY2019 mainly due to the increase in project activities which is in line with the increase in revenue. These mainly comprised of allowance and write-back of allowance for doubtful debts, printing cost, insurance, traveling, rental and utilities.

Interest expenses comprised of interest expenses from bank borrowings and shareholder's loan.

Income tax expenses in FY2019 was mainly due to provision in current year.

BALANCE SHEET

Non-current assets increased by 1.9% from S$1.7 million as at 31 May 2018 (restated) to S$1.8 million as at 31 May 2019. This was mainly due to the increase of property, plant and equipment and the deferred tax assets recognised in relation to the adoption of SFRS(1)15, which was partially offset by the decrease in the carrying value of intangible assets due to amortization.

Current assets increased from S$11.0 million as at 31 May 2018 to S$13.9 million as at 31 May 2019. Contract assets represents the unbilled receivables for project work-in-progress which increased from S$1.6 million in FY2018 to S$6.1 million in FY2019. These increases were due to the increase in revenue where projects were completed towards the end of the year which have yet to be billed. Trade and other receivables decreased slightly by 17.8% from S$7.5 million as at 31 May 2018 to S$6.2 million as at 31 May 2019 due to collection of accounts receivables.

Cash and cash equivalents decreased from S$0.7 million as at 31 May 2018 to S$0.3 million as at 31 May 2019 mainly due to net cash flows used in operating activities offset by net cash flows generated from financing activities.

Current liabilities increased by 17.7% from S$10.5 million as at 31 May 2018 to S$12.4 million as at 31 May 2019. This was mainly due to a net increase in shareholder's loan from Yinda Pte. Ltd.

Non-current liabilities increased by 66.9% from S$0.3 million as at 31 May 2018 to S$0.5 million as at 31 May 2019 mainly due to additional of hire purchase loan which in line with the increase of property, plant and equipment.

STATEMENT OF CASH FLOWS

In FY2019, net cash flows used in operating activities amounted to S$1.5 million. This includes mainly operating cash inflows before changes in working capital of S$1.5 million and changes in working capital of negative S$3 million.

Net cash flows generated from financing activities amounted to S$1.6 million. This was mainly due to proceeds from loan from Yinda Pte. Ltd. which approximately amounted of S$2.0 million, and the proceeds from factoring of approximately S$0.8 million which was offset by repayment of loan from Yinda Pte. Ltd. of S$1.5 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$0.2 million in cash and cash equivalents. As at 31 May 2019, the Group's cash and cash equivalents amounted to approximately S$0.2 million.

YEAR IN REVIEW

2018

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

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

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

AUGUST
- Appointment of Mr Qian Zimin as Acting Chief Executive Officer

NOVEMBER
- Appointment of Ms Shao Lifang as Executive Director

DECEMBER
- Appointment of Mr Chong Kong Yew as Deputy Chief Marketing 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.

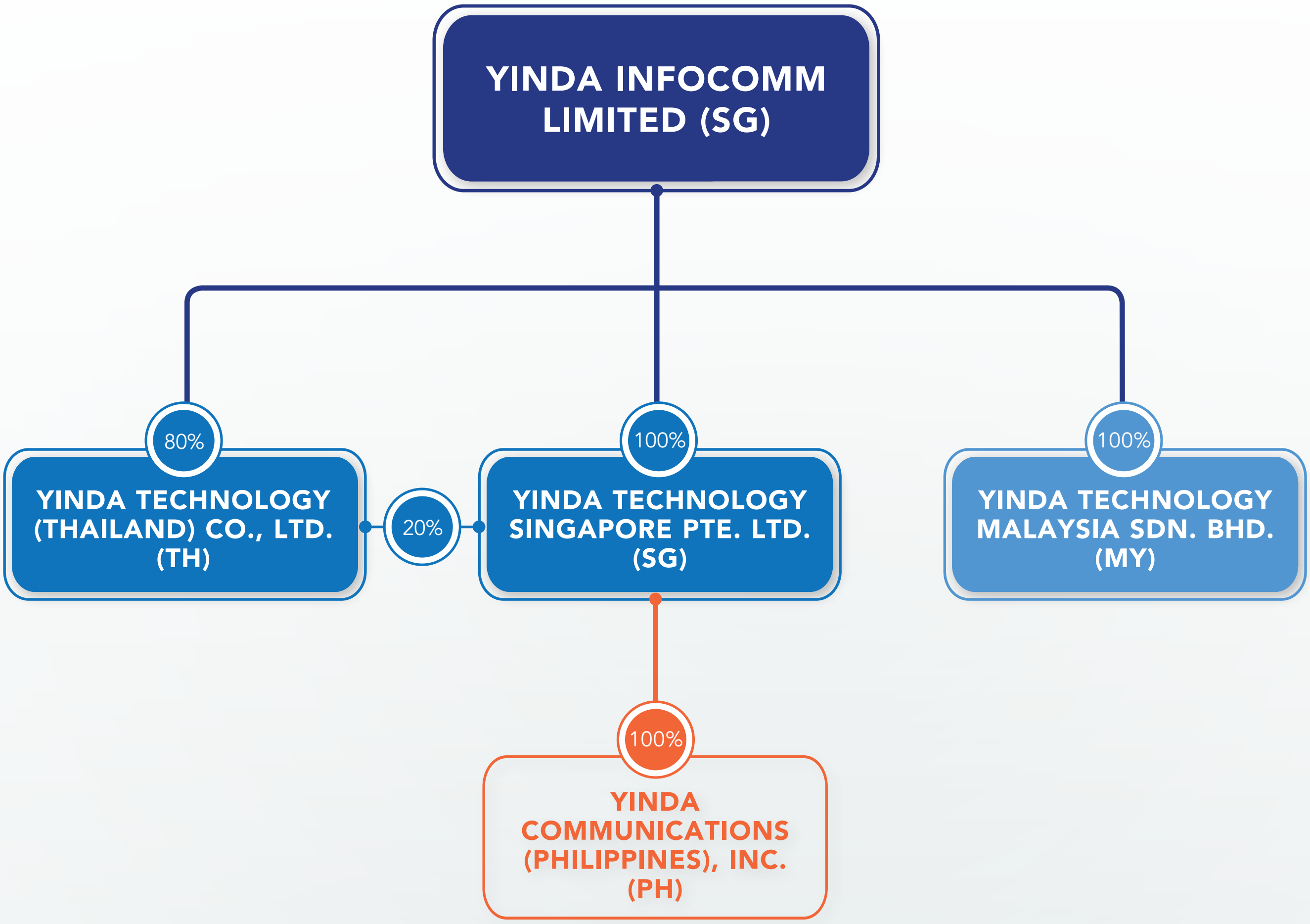
AUGUST
- Change of name of its subsidiary, CMC Communications (Thailand) Co., Ltd. to Yinda Technology (Thailand) Co., Ltd.

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

MDM SONG XINGYI

Non-Executive and Non-Independent Chairman

Bachelor's Degree in electrical engineering, Hefei University of Technology, 1975

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

After graduation, Mdm Song was appointed as project leader of the high voltage laboratory, providing technical support for Anhui Electric Power Plant in Anhui Electric Power Research Institute from 1975 to 1988, and was responsible for the first 500 KV transmission line commissioning in Anhui Province.

In 1988, Mdm Song was appointed as General Manager in Anhui Diantong Communication Engineering Co., Ltd ("**Diantong**") (formerly known as Diantong Institute). Diantong was one of the pioneers to be engaged in public wireless communication network construction, mainly undertaking professional network construction and maintenance of public security, banking and transportation. Diantong was also involved in wireless train controlling system, BB machine connection network, and public network which was activated in the 90s. During 1995, the contribution of Diantong was significant in the Global System for Mobile communications ("**GSM**") field when GSM was just starting out in China.

In 2001, Mdm Song founded Shanghai Yinda Science and Technology Industrial Co., Ltd where she was appointed as General Manger until 2010. After the establishment of Shanghai Yinda Technology Group Co., Ltd. in 2010, Mdm Song was appointed as Chairman from then till date.

MS SHAO LIFANG

Executive Director

Diploma in Accounting and Statistics, Hefei University of Technology, 1998

Ms Shao Lifang is our Executive Director and was appointed to our Board on 1 November 2018.

After graduation in 1998, Ms Shao Lifang started her career with Anhui Diantong Communication Engineering Co., Ltd (formerly known as Diantong Institute) as Accountant and was responsible for daily accounting practice.

In 2000, she participated in the formation of Shanghai Yinda Science and Technology Industrial Co., Ltd and was promoted to Finance Manager and was responsible to oversee the financial details to ensure that all legal requirements are met.

In 2011, she was promoted as Group Finance Manager of Yinda Group Ltd and is responsible for the financial health of the entire organization.

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 Accountants 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 a member of the Nominating Committee.

In 1988, Mr Tan started his career with a big 4 firm responsible for the audit of companies from various industries. He then founded Nexia TS, mid tier accounting and advisory group in 1993 where he currently serves as the Group CEO. 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 and BH Global Limited which are 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 as 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 the Audit Committee 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. After that, she progressed and assumed the position as Manager of Human Resources of Product Development at Kingdee Software (China) Co. Ltd, where, she was in charge of directing HR related system projects of enterprises such as McDonald's (China), the Business Bank of Shenzhen, FUJI XEROX, and Fed Ex, etc. She is currently working with AVIC International Holding Corporation 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 is the Chairman of 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 M&A 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 Cheam is involved in continuing sponsorship activities whereby he is a registered professional with the Singapore Exchange Securities Trading Limited.

KEY EXECUTIVES

MR QIAN ZIMIN

*Acting Chief Executive Officer ("**CEO**")*

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 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 Science and Technology Industrial Co. Ltd) successfully acquire CMC Infocomm Limited, 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. Due to internal restructuring, Mr Qian was re-designated from CEO to Project Director to focus on the development of the Group's business and management of 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.

MR FREDERICK LAU

Deputy Chief Financial Officer

Bachelor's 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 the financial results and reporting. Prior to joining our Group, Mr. 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 Lau is also a fellow member of the Association of Chartered Certified Accountants and member of the Institute of Singapore Chartered Accountants.

KEY EXECUTIVES

MR CHONG KONG YEW

*Deputy Chief Marketing Officer ("**CMO**")*

BEng (Hons) Engineering Electrical and Electronics, 2nd Upper, Loughborough University (UK)

Mr Chong Kong Yew was appointed Deputy Chief Marketing Officer as of 3 December 2018 and is responsible for the Group's Business and Commercial Segment.

After graduation in 1998, Mr Chong started his career as a Weapons and Electronics Design engineer for Singapore Technologies Marine where he was involved in the tender for warships for both local and foreign market.

In 2000, Mr Chong joined Keppel Communications and was seconded to Keppel Philippines as an RF engineer for a project with the local Mobile Network Operator.

From 2000 to 2015, Mr Chong stayed in The Philippines for 15 years where he piloted full turnkey projects like; In-building Coverage, Outdoor tower construction, Telecom Installation, Maintenance and Network Performance Optimization, etc.

After acquisition of CMC Infocomm Limited by Yinda Pte Ltd, Mr Chong was assigned as Regional Business Director to grow the Company's business in Asia Pacific and Japan in 2017. Mr Chong's achievements include starting businesses in Myanmar, Bangladesh and Thailand as Market Preferred Supplier for Nokia.

Due to his in-depth knowledge with the Philippines market, in January 2018, Mr Chong took charge of Yinda Communications Phils., Inc. as Acting Country Manager before being appointed as Deputy CMO in December 2018.

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.

This report describes the Company's corporate governance practices with specific references to the Code of Corporate Governance 2012 (the "**Code**") pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The revised Code of Corporate Governance was recently issued on 6 August 2018 (the "**2018 Code**"), with the aim to enhance board quality by strengthening board independence and diversity and encourage better engagement between companies and all stakeholders. The 2018 Code is effective for annual reports covering financial years commencing from 1 January 2019. The Group will outline its corporate governance practices and structures in place to comply with the 2018 Code, where appropriate, in the next annual report for the financial year ending 31 May 2020.

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 31 May 2019 ("**FY2019**"), 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. The composition of the Board as at the date of this Report is as follows:

Mdm Song Xingyi	Non-Executive, Non-Independent Chairman
Ms Shao Lifang	Executive Director (Appointed 1 November 2018)
Mr Henry Tan Song Kok	Lead Independent Director
Mr Cheam Heng Haw, Howard	Independent Director
Ms Tang Qun	Independent Director

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;
- identifying the key stakeholder groups and recognising that their perceptions affect the Group; and
- set the Group'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 judgement, and are obliged to act in good faith and consider at all times as fiduciaries in the interests of the Group.

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 provided a formal letter, setting out the director's 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.

Pursuant to the amended Rule 406(3)(a) of the Catalist Rules of the SGX-ST (which was revised to be consistent with the 2018 Code) which is effective from 1 January 2019, the Company will arrange prescribed training for any Director who has no prior experience as a director of a listed company on SGX-ST on the roles and responsibilities of being a director of a listed issuer. In FY2019, Ms Shao Lifang, the newly appointed Executive Director, has attended the course on Listed Entity Director Essentials conducted by the Singapore Institute of Directors on 25 September 2018 which enables her to understand her role and responsibilities as an executive director of a listed company on the SGX-ST.

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, and whenever necessary.

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 to the Board with their decisions and recommendations, the ultimate responsibilities on all matters lie with the Board.

CORPORATE GOVERNANCE REPORT

The Board meets regularly on a half-yearly basis and ad hoc Board or Board Committee meetings are convened when they are deemed necessary. The Company's Constitution provides for meetings of the Board to be held by way of telephone conference. The number of Board and Board Committees meetings held in FY2019 is set out below:

	Board	Board Committees		
		AC	NC	RC
Number of meetings held(1)	2	2	1	1
	Number of meetings attended			
Song Xingyi	1	2	1	1
Shao Lifang(2)	1	1	–	–
Qian Zhongcheng(3)	1	1	–	–
Henry Tan Song Kok	2	2	1	1*
Cheam Heng Haw, Howard	2	2	1*	1
Tang Qun	2	2	1	1

* *Attendance by invitation of Board Committees.*

Notes:

(1) The Board and Board Committee meetings for FY2019 conducted on 24 July 2019 were not included as they were conducted subsequent to the close of the financial year end 31 May 2019.

(2) Shao Lifang was appointed as Executive Director since 1 November 2018.

(3) Qian Zhongcheng resigned as Chief Executive Officer and Executive Director on 31 July 2018.

2. BOARD COMPOSITION AND GUIDANCE

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

The Board currently comprises five (5) Directors, of whom three (3) (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 Code provides that the Independent Directors must make up at least half of the Board, where the Chairman is non-independent. For FY2019, this requirement has been satisfied.

Additionally, Provision 2.2 of the 2018 Code provides that independent directors make up a majority of the Board where the Chairman of the Board is not independent. Notwithstanding that the 2018 Code is effective for the Company's financial year commencing 1 June 2019, as at the date of the Report, the Company is in line with Provision 2.2 of the 2018 Code.

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 (3) Independent Directors, the Board is able to exercise independent judgement on corporate affairs and provide the Management with a diverse and objective perspective on issues.

CORPORATE GOVERNANCE REPORT

Following the recent revision to the Code, the Catalist Rules has been amended to be consistent with the 2018 Code. In relation to the assessment of the independence of the Directors, specific tests of Directors' independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions.

Under Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalist Rules which took effect on 1 January 2019, it stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer.

In this regard and notwithstanding the above, each of the Independent Directors has confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three financial years.

The independence of each Independent Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his/her independence based on the guidelines as set out in the Code. The independence of any Director who has served on the Board beyond nine (9) years from the date of his/her 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 (9) years from the date of their appointments. Accordingly, for FY2019, the Board, after taking into account the views of the NC, is satisfied that the Mr Henry Tan Song Kok, Mr Cheam Heng Haw, Howard, and Ms Tang Qun are considered independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.

The NC has examined the existing board size and is of the view that it is an appropriate size to facilitate effective decision-making, taking into account the scope and nature of the current 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.

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 the 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 current operations of the Company and the business requirements. The NC, with the concurrence of the Board, is of the opinion that the Board composition provide an appropriate balance and diversity of skills, experience and gender to discharge its responsibilities.

Where necessary or appropriate, the Non-Executive Directors (including the Independent Directors) will meet without the presence of the Management so as to facilitate a more effective check on 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.

CORPORATE GOVERNANCE 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 the Non-Executive, Non-Independent Chairman and the Acting Chief Executive Officer ("**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.

Mdm Song Xingyi is the Non-Executive, 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 the Acting CEO of the Company on 15 August 2018, following the resignation of Mr Qian Zhongcheng on 31 July 2018. His responsibilities includes 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 Group'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.

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.

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 NC Chairman, is independent. The Lead Independent Director, Mr Henry Tan Song Kok, is also a member of the NC. The NC Chairman is not directly associated with any substantial shareholder of the Company.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the NC have been approved and adopted, and 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, the 2018 Code and the Catalist Rules 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 each individual 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.

The Company does not have 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 Company's Constitution, 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. In the NC's review and recommendation of the selection, appointment and re-appointment of directors, the NC also takes into consideration the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour).

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of the Directors (as at the date of this 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 Five Years)	Relationships with directors, company or its 10% shareholders
Song Xingyi	Non-Executive and Non-Independent Chairman	29 September 2017	14 September 2018	–	–	Deemed to be interested in 79.23% of the shares held by Yinda Pte Ltd, controlling shareholder of the Company.
Shao Lifang	Executive Director	1 November 2018	N.A	–	–	–
Henry Tan Song Kok	Lead Independent Director	30 September 2017 (as Independent Director) and subsequently appointed as Lead Independent Director on 9 February 2018	14 September 2018	YHI International Limited BH Global Limited China New Town Development Co Ltd	Raffles Education Corporation Limited Ascendas Funds Management (S) Limited Chosen Holdings Limited	–
Cheam Heng Haw, Howard	Independent Director	30 September 2017	14 September 2018	–	Edition Ltd.	–
Tang Qun	Independent Director	9 February 2018	14 September 2018	–	–	–

Pursuant to Regulation 104 of the Company's Constitution, at every Annual General Meeting ("**AGM**"), one-third of the Directors is to retire from office by rotation and be subject to re-election and for this purpose, every Director shall retire from office once every three years. Regulation 114 of the Company's Constitution provides that a newly appointed Director must retire and submit himself/herself for re-election at the next AGM following his/her appointment.

CORPORATE GOVERNANCE REPORT

At the forthcoming AGM, the following Directors will be subject to retirement and all Directors being eligible have offered themselves for re-election as Director by shareholders:

(1) Mdm Song Xingyi pursuant to Regulation 104

(2) Ms Shao Lifang pursuant to Regulation 114

Key information of the re-electing Directors can be found on pages 33 to 38 of this Annual Report. Mdm Song Xingyi is deemed to be interested in 79.23% of the shares held by Yinda Pte Ltd, controlling shareholder of the Company. There are no relationships (including family relationships) between Ms Shao Lifang and the other Directors, the Company or its 10% shareholders.

The NC has reviewed the contributions and performances of the re-electing Directors and recommended the re-election of all the above Directors for at the forthcoming AGM to the Board for approval. 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. Accordingly, both Mdm Song Xingyi and Ms Shao Lifang have abstained from deliberating and recommending on their 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. As at the date of this Annual Report, 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. None of the Directors hold shares in the subsidiaries of the Company.

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 performance and 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 FY2019.

The completed assessment checklists were collated by the Company Secretary and the results of the evaluation exercise were subsequently considered by the NC, before making recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively. Following the review of the assessment checklists of the Board and each Director for FY2019, both the NC and the Board are of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that each member of the Board has effectively and efficiently contributed to the Board and the Group during the year.

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.

The Board has separate and independent access to the Management and the Company Secretary at all times. The Company Secretary attends all Board and Board Committee meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board and Board Committee 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. Majority of the RC, including the RC Chairman, is independent. All members of the RC are non-executive directors. The Chairman of the RC is Mr Cheam Heng Haw, Howard who is an Independent Director.

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 FY2019.

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, the Company should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC 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 receive Directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The RC and the Company ensures that the non-executive directors are not overcompensated to the extent that their independence is compromised. Remuneration for the Executive Director comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company currently does not have any employee share option scheme and 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, Acting CEO and key management personnel 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 key management personnel for FY2019 are set out as follows:

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors and CEO					
Below S$250,000					
Song Xingyi[(1)]	–	–	100.0	–	100.0
Shao Lifang[(2)]	100.0	–	–	–	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
Qian Zhongcheng[(3)]	100.0	–	–	–	–
Lim Chuan Poh[(4)]	–	–	100.0	–	100.0
Qian Zimin[(5)]	100.0	–	–	–	100.0
Key Management Personnel[(6)]					
Below S$250,000					
Frederick Lau	100.0	–	–	–	100.0
Chong Kong Yew[(7)]	100.0	–	–	–	100.0

Notes:

(1) Director's fees are subject to approval by the shareholders of the Company at the forthcoming AGM.

(2) Ms Shao Lifang was appointed as Executive Director with effect from 1 November 2018.

(3) Mr Qian Zhongcheng resigned as Chief Executive Officer and Executive Director with effect from 31 July 2018.

(4) Mr Lim Chuan Poh resigned as Lead Independent Director with effect from 14 June 2018.

(5) Mr Qian Zimin was appointed as Acting CEO with effect from 15 August 2018.

(6) The Company has only two key management personnel (who are not Directors or CEO) in FY2019.

(7) Mr Chong Kong Yew was appointed as Deputy Chief Marketing Officer with effect from 3 December 2018.

There were no employees of the Company or its subsidiaries who were immediate family members of any Director (including the Director who has resigned during FY2019) or the Acting CEO and whose remuneration exceeded S$50,000 during FY2019.

The aggregate remuneration paid to the above key management personnel of the Group (excluding the Executive Directors and the Acting CEO) in FY2019 amounted to S$238,000.

Save as disclosed in the table above, there are no terminations, retirement or post-employment benefits that are granted to the Directors, Acting CEO and the key management personnel of the Group.

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

CORPORATE GOVERNANCE REPORT

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.

The Company appoints internal auditors ("**Internal Auditors**") to conduct annual reviews, based on the internal audit plan approved by the AC, 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.

The Board has received assurance from the Executive Director, Acting Chief Executive Officer and the Deputy Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal control systems are adequate and effective.

CORPORATE GOVERNANCE REPORT

Based on the internal controls established and maintained by the Group, taking into consideration the needs of the Group in its current business environment and the reviews performed by the Management, Internal Auditors, as well as confirmation from the Executive Director, Acting CEO 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 for FY2019 are satisfactory and needs improvement.

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 and will endeavor to enhance and improve the Company's internal controls and risk management systems at the relevant time.

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 judgement, 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;

(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;

CORPORATE GOVERNANCE REPORT

(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.

The AC also considered the report from the external auditors, including their finding 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 2019 on page 43 to 47 of this Report. In 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.

CORPORATE GOVERNANCE REPORT

The fees paid by the Company to the external auditors in FY2019 for audit and non-audit services amounted to S$137,000 and S$20,000, 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 AC is satisfied with the independence and objectivity of the Company's external auditors, Messrs Ernst & Young LLP ("**EY**"), and has recommended to the Board that EY be nominated for re-appointment as external auditors at the forthcoming AGM.

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 the Internal Auditors 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 unfettered access to the Company's documents, records, properties and personnel, including access to the AC. The Internal Auditors 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.

The AC reviews, at least on an annual basis, the adequacy and effectiveness of the Company's internal audit function. Accordingly, the AC is satisfied with the adequacy and effectiveness of the Company's internal audit function for FY2019.

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 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 FY2019 as the Board wants to redeploy cash reserves of the Group for expansion purpose 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 Chairman 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 the Rule 1204(19) of 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.

CORPORATE GOVERNANCE REPORT

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 has two general mandates for two classes of interested person transactions which have been in force since 3 December 2018. The Company is proposing to seek shareholders' approval to renew the general mandates at the forthcoming AGM.

During FY2019, the Group has entered into the following interested person transactions of S$100,000 and more:–

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Interest expense arising from a working capital loan extended to the Company by Yinda Pte. Ltd., a controlling shareholder of the Company	S$107,000	NIL
Purchase of materials		
Anhui Diantong Communication Engineerings Co., Ltd	NIL	S$104,000
Shanghai Yinda Science & Technology Industrial Co. Ltd.	NIL	S$461,000

MATERIAL CONTRACTS

During the year, the Company has, on 6 December 2018, entered into a loan agreement with Yinda Pte. Ltd. ("**Yinda**"), the controlling shareholder of the Company. Pursuant to the loan agreement, Yinda has agreed to convert outstanding interest-free advances of S$2,956,000 into an interest-bearing loan ("**Advances**"), and extend an additional interest-bearing working capital loan of S$500,000 to the Company ("**Working Capital Loan**"). The Advances and Working Capital Loan amounts to an aggregate of S$3,456,000 (collectively, the "**Loan**") to the Company. The Loan is unsecured and have interest chargeable of 3.25% per annum which are repayable every quarterly. The Loan 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 FY2019 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

For FY2019, there were no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mdm Song Xingyi and Ms. Shao Lifang are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 September 2019 ("**AGM**") (collectively, the "**Directors**" and each a "**Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to Mdm Song Xingyi and Ms Shao Lifang in accordance with Appendix 7F of the Catalist Rules is disclosed below:

	Mdm Song Xingyi	**Ms Shao Lifang**
Date of Appointment	30 September 2017	1 November 2018
Date of last re-appointment	14 September 2018	Not applicable
Age	70	42
Country of principal residence	China	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mdm Song Xingyi as the Non-Executive and Non-Independent Chairman was recommended by the NC, and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experience and overall contribution since she was appointed as a Director of the Company.	The re-election of Ms Shao Lifang as the Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration her qualifications, expertise, past experience and overall contribution since she was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive. Ms Shao is responsible for the successful leadership and management of the organization according to the strategic decision set by the Board of Directors.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Chairman, Member of the Nominating Committee and Remuneration Committee.	Executive Director
Professional qualifications	Bachelor's degree in Electrical Engineering, Hefei University of Technology	Diploma in Accounting and Statistics, Hefei University of Technology
Working experience and occupation(s) during the past 10 years	2010 to present Chairman of Shanghai Yinda Technology Group Co., Ltd 2001 to 2010 General Manager of Shanghai Yinda Science and Technology Industry Co., Ltd	2011 to October 2018 Group Finance Manager of Yinda Group Ltd 2000 to 2011 Finance Manager of Shanghai Yinda Technology Industrial Co., Ltd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mdm Song Xingyi	**Ms Shao Lifang**
Shareholding interest in the listed issuer and its subsidiaries	The Company 120,437,180 (deemed interest) Subsidiaries of the Group Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mdm Song is the spouse of Mr Wang Zhijun and the mother of Mr Wang Hua who are the deemed controlling shareholders of the Company.	Nil
Conflict of Interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments (Including Directorships)		
Past (for the last 5 years)	Nil	Director of Yinda Pte. Ltd.
Present	Director of Yinda Pte. Ltd.	Director of Yinda Technology Singapore Pte. Ltd. Director of Yinda Technology (Thailand) Co. Ltd Director of Yinda Communications (Philippines), Inc.
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mdm Song Xingyi	Ms Shao Lifang
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mdm Song Xingyi	Ms Shao Lifang
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mdm Song Xingyi	Ms Shao Lifang
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DISCLOSURE OF INFORMATION ON
DIRECTORS SEEKING RE-ELECTION

	Mdm Song Xingyi	Ms Shao Lifang
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience.	Not applicable, as this relates to the re-appointment of Mdm Song Xingyi as a Director of the Company.	Not applicable, as this relates to the re-appointment of Ms Shao Lifang as a Director of the Company.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Yinda 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 2019.

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 2019 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 pay its debts as and when they fall due.

Directors

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

Song Xingyi
Shao Lifang
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	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 2019.

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 internal and the external auditors, 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

6 September 2019

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Independent auditor's report to the members of Yinda Infocomm Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Yinda 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 2019, 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 Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 May 2019 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.

Revenue recognition and adoption of SFRS(I) 15

The Group recognises revenue from contracts by reference to the stage of completion method of each individual contract at the end of each reporting period. The stage of completion is measured by reference to assessment of actual work completed to-date. Management has determined that an activity-based output method provides a faithful depiction of the Group's performance in transferring control of the goods delivered and services performed to customers, as it reflects the value of the activities performed to-date, relative to the total value of the activities promised in the contracts.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Independent auditor's report to the members of Yinda Infocomm Limited

Key Audit Matters (cont'd)

Revenue recognition and adoption of SFRS(I) 15 (cont'd)

Furthermore, as disclosed in Note 2.2 to the financial statements, the Group's initial application of SFRS(I) 15 *Revenue from contracts with customers* ("SFRS(I) 15") has resulted in significant transitional adjustments to the Group's financial statements. The judgement and estimation applied in assessing the stage of completion can significantly impact the results of the Group and accordingly we have determined this to be a key audit matter.

We performed the following audit procedures, amongst others:

- Obtained an understanding of the key financial controls surrounding estimates and judgement used by management in determination of measure of progress for revenue recognition.
- Evaluated the Group's procedures and processes for recognizing revenue from contracts with customers and assessed the basis for the identification of performance obligations, and whether they are satisfied over time or at a point in time. These include examining project documents and reviewing, on a sample basis, contractual terms and conditions and discussion with management on the performance obligations identified.
- Reviewed the contractual terms and work status of the customer contracts on a sample basis and verified that revenue is recognised according to the stage of completion of each performance obligation based on site progress reports, milestone acceptance by customer and evidence of work status.
- Selected a sample of contracts and tested management's basis used in estimating variable consideration.
- Evaluated management's assessment of the impact to revenue recognition from the adoption of SFRS(I) 15 and reviewed the quantification of the transitional adjustments made to the Group's financial statements.
- Evaluated the presentation and disclosure of significant accounting policies for revenue from contracts with customers, judgement and methods used in estimating revenue, contract assets and contract liabilities, capitalised contract costs, transaction price allocated to remaining performance obligation and note on initial application of SFRS(I) 15 in Note 2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS (I))* and Note 4 *Revenue*.

Impairment of investment in subsidiaries

As at 31 May 2019, 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Independent auditor's report to the members of Yinda Infocomm Limited

Key Audit Matters (cont'd)

Impairment of investment in subsidiaries (cont'd)

We performed the following audit procedures, amongst others:

- Reviewed the key assumptions and estimates used by management in the value in use calculations.
- 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.
- Engaged our internal valuation specialists to assess reasonableness of the discount rate and the terminal growth rate used by management.
- Reviewed the robustness of management's budgeting process by comparing the actual financial performance against previously forecasted results.
- Reviewed the sensitivity analysis of the value-in-use calculations to changes in key assumptions.
- Evaluated the presentation and adequacy of Note 14 *Investment in subsidiaries*. 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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Independent auditor's report to the members of Yinda Infocomm Limited

Key Audit Matters (cont'd)

Responsibilities of management and directors for the financial statements (cont'd)

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

Independent auditor's report to the members of Yinda Infocomm Limited

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

6 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

	Note	2019 $'000	2018 $'000 (restated)
Revenue	4	17,985	13,923
Other income	5	194	107
Changes in inventories, materials consumed and sub-contractor cost		(6,228)	(5,462)
Employee benefits expense			
-Project related	6	(5,276)	(4,966)
-Administrative	6	(2,367)	(2,242)
Depreciation and amortisation expenses		(494)	(395)
Legal and professional expenses		(515)	(795)
Other expenses	7	(2,371)	(2,284)
Interest expenses	8	(133)	(71)
Profit/(loss) before tax	9	795	(2,185)
Income tax (expense)/credit	10	(48)	209
Profit/(loss) net of tax		747	(1,976)
Profit/(loss) attributable to owners of the Company, net of tax		747	(1,976)
Profit/(loss) per share attributable to owners of the Company (cents per share)			
Basic and diluted	11	0.49	(1.30)
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		7	92
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		56	65
Other comprehensive income for the year, net of tax		63	157
Total comprehensive income for the year		810	(1,819)
Total comprehensive income for the year attributable to owners of the Company		810	(1,819)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2019

	Note	Group 31 May 2019 $'000	Group 31 May 2018 $'000 (Restated)	Group 1 June 2017 $'000 (Restated)	Company 31 May 2019 $'000	Company 31 May 2018 $'000 (Restated)	Company 1 June 2017 $'000 (Restated)
ASSETS							
Non-current assets							
Property, plant and equipment	12	1,031	923	835	1	3	3
Intangible assets	13	95	138	178	–	–	–
Investment in subsidiaries	14	–	–	–	6,125	6,125	7,395
Deferred tax assets	15	607	596	559	–	–	–
Deposits		43	86	60	–	–	–
		1,776	1,743	1,632	6,126	6,128	7,398
Current assets							
Contract assets	4	6,098	1,601	4,336	–	–	–
Trade and other receivables	16	6,200	7,539	3,921	46	36	19
Inventories	17	1,214	1,195	47	–	–	–
Amounts due from subsidiaries	18	–	–	–	5,136	4,726	1,289
Cash and bank balances	19	349	672	2,351	43	14	1,021
		13,861	11,007	10,655	5,225	4,776	2,329
Total assets		15,637	12,750	12,287	11,351	10,904	9,727
EQUITY AND LIABILITIES							
Current liabilities							
Contract liabilities	4	1,870	1,780	1,749	–	–	–
Trade and other payables	20	4,613	7,221	4,096	647	3,278	300
Amounts due to subsidiaries	18	–	–	–	49	166	50
Loan and borrowings	21	5,531	1,175	1,809	4,200	1,000	941
Provision for tax		392	363	376	–	–	–
		12,406	10,539	8,030	4,896	4,444	1,291
Net current assets		1,455	468	2,625	329	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 2019

	Note	Group 31 May 2019 $'000	Group 31 May 2018 $'000 (Restated)	Group 1 June 2017 $'000 (Restated)	Company 31 May 2019 $'000	Company 31 May 2018 $'000 (Restated)	Company 1 June 2017 $'000 (Restated)
Non-current liabilities							
Loan and borrowings	21	320	180	322	–	–	–
Employee benefit liabilities	22	204	134	219	–	–	–
		524	314	541	–	–	–
Total liabilities		12,930	10,853	8,571	4,896	4,444	1,291
Net assets		2,707	1,897	3,716	6,455	6,460	8,436
Equity attributable to owners of the Company							
Share capital	23	14,542	14,542	14,542	14,542	14,542	14,542
Accumulated losses		(3,500)	(4,254)	(2,370)	(8,087)	(8,082)	(6,106)
Reserves	24	(8,335)	(8,391)	(8,456)	–	–	–
Total equity		2,707	1,897	3,716	6,455	6,460	8,436
Total equity and liabilities		15,637	12,750	12,287	11,351	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 2019

	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
<u>Group</u>									
At 1 June 2017 (FRS framework)	7,740	14,542	(10,397)	(23)	1,673	1,945	1,890	49	6
Cumulative effects of adopting SFRS(I)	(4,024)	–	–	19	(4,043)	–	–	–	–
At 1 June 2017(SFRS(I) framework)	3,716	14,542	(10,397)	(4)	(2,370)	1,945	1,890	49	6
Loss for the year	(1,976)	–	–	–	(1,976)	–	–	–	–
<u>Other comprehensive income</u>									
Actuarial gains on measurement of post-employment benefit plan, net of tax	92	–	–	–	92	–	–	–	–
Currency translation difference	65	–	–	65	–	–	–	–	–
Other comprehensive income for the year, net of tax	157	–	–	65	92	–	–	–	–
Total comprehensive income for the year	(1,819)	–	–	65	(1,884)	–	–	–	–
At 31 May 2018	1,897	14,542	(10,397)	61	(4,254)	1,945	1,890	49	6
<u>Group</u>									
At 1 June 2018 (FRS framework)	5,425	14,542	(10,397)	3	(668)	1,945	1,890	49	6
Cumulative effects of adopting SFRS(I)	(3,528)	–	–	58	(3,586)	–	–	–	–
At 1 January 2018 (SFRS(I) framework)	1,897	14,542	(10,397)	61	(4,254)	1,945	1,890	49	6
Profit for the year	747	–	–	–	747	–	–	–	–
<u>Other comprehensive income</u>									
Actuarial gains on measurement of post-employment benefit plan, net of tax	7	–	–	–	7	–	–	–	–
Currency translation difference	56	–	–	56	–	–	–	–	–
Other comprehensive income for the year, net of tax	63	–	–	56	7	–	–	–	–
Total comprehensive income for the year	810	–	–	56	732	–	–	–	–
At 31 May 2019	**2,707**	14,542	(10,397)	117	(3,500)	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 2019

	Attributable to owners of the Company		
	Equity total $'000	**Share capital (Note 21)** $'000	**Accumulated losses** $'000
Company			
At 1 June 2017 (FRS framework and SFRS (I) framework)	**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 and 1 June 2018	**6,460**	**14,542**	**(8,082)**
Loss for the year, representing total comprehensive income for the year	(5)	–	(5)
At 31 May 2019	**6,455**	**14,542**	**(8,087)**

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 2019

	Note	2019 $'000	2018 $'000
Operating activities:			
Profit/(loss) before tax		795	(2,185)
Adjustments for:			
Interest expense on borrowings	8	133	71
Interest income	5	(1)	(7)
Loss on disposal of property, plant and equipment	9	–	8
Allowance for doubtful debts	9	64	16
Write-back of allowance for doubtful debts	9	(96)	(17)
Depreciation of property, plant and equipment	9	448	349
Amortisation of intangible assets	9	46	46
Exchange loss		55	105
Employee benefit liabilities	22	73	47
Total adjustments		722	618
Operating cash flows before changes in working capital		1,517	(1,567)
Changes in working capital:			
(Increase)/Decrease in contract assets		(4,497)	2,735
Decrease/(Increase) in trade and other receivables and deposits		1,426	(3,625)
Increase in inventories		(19)	(1,148)
(Decrease)/Increase in trade and other payables		(20)	561
Increase in contract liabilities		90	30
Total changes in working capital		(3,020)	(1,447)
Cash flows used in operations		(1,503)	(3,014)
Interest received		1	7
Interest paid		5	(57)
Taxes paid		(32)	(66)
Net cash flows used in operating activities		(1,529)	(3,130)
Investing activities:			
Purchase of property, plant and equipment	12	(335)	(276)
Decrease in deposits pledged with bank		85	–
Increase in amounts due from related companies		(13)	(19)
Net cash flows used in investing activities		(263)	(295)

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 2019

	Note	2019 $'000	2018 $'000
Financing activities:			
Proceeds from bank borrowings		489	–
Proceeds from shareholder's loan		1,992	1,500
Repayment of shareholder's loan		(1,500)	(1,441)
Proceeds from advances from shareholder		–	2,842
Repayment of advances from shareholder		–	(134)
Decrease in amounts due to related parties		(7)	(5)
Repayment of bank borrowings		(108)	(942)
Proceeds from factoring		782	–
Repayment of obligations under finance lease		(80)	(73)
Net cash flows generated from financing activities		1,568	1,747
Net decrease in cash and cash equivalents		(224)	(1,678)
Effects of exchange rate changes on cash and cash equivalents		(14)	(1)
Cash and cash equivalents at 1 June		487	2,166
Cash and cash equivalents at 31 May	19	**249**	**487**

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 2019

1. Corporate information

Yinda 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").

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 statement 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 14.

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 (International) (SFRS(I)).

For all periods up to and including the year ended 31 May 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 May 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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.

During the year ended 31 May 2019, net cash flow used in operating activities amounted to $1,529,000. Due to the mismatch in timing of payments to suppliers and employees and the collection of trade receivables and contract assets, the Group has historically been obtaining shareholders' loans and advances from its ultimate holding company to meet its working capital needs. The financial statement have been prepared on a going concern basis as the ultimate holding company has given an undertaking to provide continuous financial support to enable the Group to pay its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 ***First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))***

These financial statements for the year ended 31 May 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 May 2019, together with the comparative period data for the year ended 31 May 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 June 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 June 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

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

- SFRS(I) 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 June 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I). Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS (I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 May 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I)9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 June 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

New accounting standards effective on 1 January 2018 (cont'd)

SFRS(I) 9 *Financial Instruments* (cont'd)

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 June 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 June 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9.

There is no significant impact arising from measurement of the instruments above under SFRS(I) 9. The initial application of SFRS(I) 9 does not have any reclassification effect to the Group's and Company's financial statements.

Impairment

SRFS(I) 9 requires the Group to record expected credit losses on all its financial assets measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The adoption of SFRS (I) 9 does not have material impact on the financials of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I)1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 June 2017.
- For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 May 2018. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;
- For the comparative year ended 31 May 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of providing telecommunications network design, planning and implementation in the wireless and internet communications services. The key impact of adopting SFRS(I) 15 is detailed as follows:

(a) Variable consideration

For work performed with no purchase order issued, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in contract revenue to the extent that it is probable that there will be no significant reversal when the uncertainty is resolved.

(b) Combine contract

Entities within the Group entered into different contracts at or near the same time with the same customer whereby one entity supplied equipment and another entity provide the installation service and performed testing. Under SFRS (I) 15, an entity should combine two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contract as a single contract as these contracts are negotiated as a package with a single commercial objective.

(c) Accounting for loss-making contracts

Under SFRS (I) 15, there is no guidance on how to account for expected losses on loss making contracts. As such, the Group applies SFRS (I) 37: *Provisions, Contingent liabilities and Contingent Assets* to identify and account for onerous contracts. The Group has assessed and concluded that the loss-making contracts are not onerous. Accordingly, the provision for foreseeable losses as at 31 May 2018 of $249,000 was reversed upon adoption of SFRS (I) 15.

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

SFRS(I) 15 Revenue from Contracts with Customers

(d) Contract cost accounting

Under SFRS (I) 15, costs are expensed when incurred unless they qualify to be capitalised as an asset. This means that the approach under FRS 11 *Construction Contracts* using a balance sheet true-up to create a consistent margin over the life of the project is disallowed. Accordingly, upon adoption of SFRS (I) 15, contract work in progress are expensed in the respective years when the costs are incurred.

(e) Revenue recognised for a contract where outcome was uncertain under FRS 11

The Group previously recognised revenue based on letter of acceptance received by customer in accordance with contract milestones. For the financial year ended 31 May 2017, a contract was substantially completed however there were uncertainties with the acceptance from customer due to signal interference noted during testing. As such, no revenue was recognised and the costs incurred was capitalised in contract work in progress under FRS 11. The acceptance was subsequently received in 2018 and both revenue and costs were recognised in 2018. Upon adoption of SFRS (I) 15, the cost incurred was expensed in the year when the costs were incurred and the corresponding revenue was recognised in 2017 based on the completion of the activities performed relative to the total value of activities promised in the contract.

(f) Presentation of contract assets and liabilities

The Group has also changed the presentation of certain amount in the balance sheet on adopting SFRS (I) 15:

(i) Contract assets mainly relates to the Group's right to the consideration for work completed but not billed at the reporting date. Contracts assets were previously presented as contract work-in-progress and trade receivables under FRS.
(ii) Contract liabilities relate mainly to advance consideration received from customer and progress billings in excess of the Group's right to the consideration. Contract liabilities were previously presented as trade payables and other payables under FRS.

(g) Tax adjustments

The corresponding tax impact to the Group arising from the adoption of SFRS(I)15 resulted in an increase in deferred tax assets of $426,000 and $490,000 on 1 June 2017 and 31 May 2018.

(h) Income statement presentation

As a result of the adoption of SFRS (I) 15, the Group has changed its income statement presentation from by function to by nature. The reason of the change is because under SFRS (I) 15, there is no direct linkage between revenue and costs incurred, As such, the Group is of the view that the presentation of the gross profit balance in the income statement is not meaningful.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 ***First-time adoption of (SFRS(I)) (cont'd)***

SFRS(I) 15 Revenue from Contracts with Customers

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 June 2017 to the balance sheet of the Group.

	Group		
	1 June 2017 FRS $'000	**SRFS(I)15 adjustments** $'000	**1 June 2017 (SFRS(I))** $'000
Non-current assets			
Property, plant and equipment	835	–	835
Intangible assets	178	–	178
Investment in subsidiaries	–	–	–
Deferred tax assets	133	426	559
Deposits	60	–	60
	1,206	426	1,632
Current assets			
Contract assets	–	4,336	4,336
Gross amount due from customers for contract work-in-progress	7,092	(7,092)	–
Trade and other receivables	4,826	(905)	3,921
Inventories	–	47	47
Cash and bank balances	2,351	–	2,351
	14,269	(3,614)	10,655
Current liabilities			
Contract liabilities	–	1,749	1,749
Trade and other payables	5,009	(913)	4,096
Loan and borrowings	1,809	–	1,809
Provision for tax	376	–	376
	7,194	836	8,030
Net current assets	7,075	(4,450)	2,625
Non-current liabilities			
Loan and borrowings	322	–	322
Employee benefit liabilities	219	–	219
	541	–	541
Net assets	7,740	(4,024)	3,716
Equity attributable to equity holders of the Company			
Share capital	14,542	–	14,542
Accumulated losses	1,673	(4,043)	(2,370)
Reserves	(8,475)	19	(8,456)
	7,740	(4,024)	3,716

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

2.2 *First-time adoption of (SFRS(I)) (cont'd)*

SFRS(I) 15 Revenue from Contracts with Customers

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 May 2018 to the balance sheet of the Group.

	Group		
	31 May 2018 FRS $'000	**SRFS(I)15 adjustments** $'000	**31 May 2018 (SFRS(I))** $'000
Non-current assets			
Property, plant and equipment	923	–	923
Intangible assets	138	–	138
Investment in subsidiaries	–	–	–
Deferred tax assets	106	490	596
Deposits	86	–	86
	1,253	490	1,743
Current assets			
Contract assets	–	1,601	1,601
Gross amount due from customers for contract work-in-progress	4,371	(4,371)	–
Trade and other receivables	8,761	(1,222)	7,539
Inventories	–	1,195	1,195
Cash and bank balances	672	–	672
	13,804	(2,797)	11,007
Current liabilities			
Contract liabilities	–	1,780	1,780
Trade and other payables	7,780	(559)	7,221
Loan and borrowings	1,175	–	1,175
Provision for tax	363	–	363
	9,318	1,221	10,539
Net current assets	4,486	(4,018)	468
Non-current liabilities			
Loan and borrowings	180	–	180
Employee benefit liabilities	134	–	134
	314	–	314
Net assets	5,425	(3,528)	1,897
Equity attributable to equity holders of the Company			
Share capital	14,542	–	14,542
Accumulated losses	(668)	(3,586)	(4,254)
Reserves	(8,449)	58	(8,391)
	5,425	(3,528)	1,897

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.2 *First-time adoption of (SFRS(I)) (cont'd)*

There were no impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 June 2017 to the balance sheet of the Company, 31 May 2018 and 1 June 2018 to the balance sheet of the Company.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the comprehensive income of the Group for the year ended 31 May 2018.

	2018 FRS $'000	**SRFS(I)15 adjustments** $'000	**2018 (SFRS(I))** $'000
Revenue	16,702	(2,779)	13,923
Other income	107	–	107
Changes in inventories, materials consumed and sub-contractor cost	(8,432)	2,970	(5,462)
Employee benefits expense			
-Project related	(4,966)	–	(4,966)
-Administrative	(2,242)	–	(2,242)
Depreciation and amortisation expenses	(395)	–	(395)
Legal and professional expenses	(795)	–	(795)
Other expenses	(2,460)	176	(2,284)
Interest expenses	(71)	–	(71)
Loss before tax	(2,552)	367	(2,185)
Income tax credit	119	90	209
Loss after tax	(2,433)	457	(1,976)
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	–	92
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	26	39	65
Other comprehensive income for the year, net of tax	118	39	157
Total comprehensive income for the year attributable to owners of the Company	(2,315)	496	(1,819)
Earnings per share attributable to owners of the Company (cents per share)			
Basic	(1.60)	0.19	(1.30)
Diluted	(1.60)	0.19	(1.30)

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

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*
SFRS(I) 16 *Leases*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above 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) 16 is described below.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:-

a. its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
b. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:-

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

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. Summary of significant accounting policies (cont'd)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.7 ***Property, plant and equipment and depreciation (cont'd)***

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.

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 (2018: 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 ***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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.9 Impairment of non-financial assets (cont'd)

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.

2.10 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.

Subsequent measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.11 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 ***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.

2.13 ***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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

2.13 ***Inventories***

Inventories are stated at the lower of cost and net realisable value and include all costs in bringing the stocks to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of stocks to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 ***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.

<u>Philippines</u>

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.

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

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

(a) *Defined contribution plans (cont'd)*

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.

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. Summary of significant accounting policies (cont'd)

2.17 ***Revenue and other income***

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

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

(a) *Rendering of services*

The Group is in the business of:

(i) Provision of full turnkey services from planning and designing to construction and implementation of customer's outdoor and indoor mobile network infrastructure.
(ii) Provision of telecommunication implementation work for the installation and commissioning of radio base transceiver stations.

Revenue from services rendered are recognised as performance obligations are satisfied. Payments are due from customers based on the agreed billing milestone stipulated in the contracts or based on the amount certified by the customers.

Where performance obligations are satisfied over time as work progresses, revenue is recognised progressively based on the percentage of completion method. The stage of completion is measured by reference to assessment of actual work completed to-date. The related costs are recognised in profit or loss when they are incurred, unless they relate to future performance obligations.

A contract asset is recognised when the Group has performed under the contract but has yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract asset are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

(b) Maintenance services

The Group provides corrective and maintenance services to ensure network reliability and minimal network disruption.

Maintenance revenue is recognised over time on a straight line basis over the specified contract period. Maintenance revenue received in advance is recognised as contract liabilities and recognised as income over the life of the maintenance contracts.

(c) *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 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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 2019

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) Revenue recognition

The Group recognises revenue from contracts by reference to the stage of completion method of each individual contract at the end of each reporting period. The stage of completion is measured by reference to assessment of actual work completed to-date. Management has determined that an activity-based output method provides a faithful depiction of the Group’s performance in transferring control of the goods delivered and services performed to customers, as it reflects the value of the activities performed to-date, relative to the total value of the activities promised in the contracts.

The carrying amounts of the assets and liabilities from contracts arising at the end of each reporting period are disclosed in Note 4 to the financial statements.

(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 2019, impairment loss of $nil (31 May 2018: $1,270,000, 1 June 2017: $3,726,000) were recognised, as disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

4. Revenue

(a) *Disaggregation of revenue*

	Group	
	2019	**2018**
	$'000	$'000
Major service lines		
Rendering of services	17,605	13,698
Maintenance	380	225
Total revenue recognised over time	17,985	13,923
Primary geographical markets		
Singapore	10,819	8,418
Philippines	2,252	1,415
Thailand	4,914	4,090
	17,985	13,923

(b) Judgement and methods used in estimating revenue

Recognition of revenue over time
The Group recognises revenue from contracts by reference to the stage of completion method of each individual contract at the end of each reporting period. The stage of completion is measured by reference to assessment of actual work completed to-date. Management has determined that an activity-based output method provides a faithful depiction of the Group's performance in transferring control of the goods delivered and services performed to customers.

Judgement and estimation were exercised to assess the completion of the activities performed to-date, relative to the total value of the activities promised in the contracts.

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	Group			Company		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables (Note 16)	4,181	6,180	2,904	–	–	–
Contract assets	6,098	1,601	4,336	–	–	–
Contract liabilities	1,870	1,780	1,749	–	–	–

The Group has recognised impairment losses on receivables arising from contracts with customers amounting to $64,000 (31 May 2018: $16,000, 1 June 2017: $45,000).

4. Revenue (cont'd)

(c) Contract assets and contract liabilities (cont'd)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group billed and received consideration ahead of the provision of services and delivering of goods.

Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	Group	
	31 May 2019	**31 May 2018**
	$'000	$'000
Contract assets reclassified to receivables	1,601	4,336

(ii) Significant changes in contract liabilities are explained as follows:

	Group	
	31 May 2019	**31 May 2018**
	$'000	$'000
Revenue recognized that was included in the contract liability balance at the beginning of the year	1,780	1,749

(d) Transaction price allocated to remaining performance obligation

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 May 2018 is $11,830,000 This amount has not included the following:

Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration for one year or less, or

- The Group recognises revenue in the amount to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.

The Group expects to recognise $8,458,000 as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 May 2019 in 2020 and 2021.

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

5. Other income

	Group	
	2019	**2018**
	$'000	$'000
Commission fee	170	–
Government grant	–	61
Sales of scrap material	2	–
Interest income	1	7
Others	21	39
	194	107

The Group earns a commission fee for acting as an agent to provide a service of arranging a vendor to transfer goods and services to a customer.

6. Employee benefits expense

	Group	
	2019	**2018**
	$'000	$'000
Wages, salaries and allowances	6,641	6,285
Contributions to defined contribution plan	383	330
Defined benefit plans	73	47
Other short-term benefits	546	546
	7,643	7,208

Employee benefits expenses allocated by nature are as follows:

	Group	
	2019	**2018**
	$'000	$'000
Project related	(5,276)	(4,966)
Administrative	(2,367)	(2,242)
	7,643	7,208

Included in employee benefits expense of the Group are directors' fee amounting to $149,000 (2018: $185,000) (Note 25).

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

7. Other expenses

	Group	
	2019	**2018**
	$'000	$'000
Transport & travelling	599	529
Rental of office premise, warehouse and equipment	471	326
Administrative expenses	761	747
Rental of motor vehicle	184	166
Subscription	117	109
Others	239	407
	2,371	2,284

8. Finance costs

	Group	
	2019	**2018**
	$'000	$'000
Interest expense on shareholder's loan	103	39
Interest expense	30	32
	133	71

9. Profit/(loss) before tax

The following items have been included in arriving in profit/(loss) before tax:

	Group	
	2019	**2018**
	$'000	$'000
Audit fees:		
- Auditors of the Company	103	92
- Other member firms of EY Global	34	26
Non-audit fees:		
- Auditors of the Company	20	21
Interest income	(1)	(7)
Amortisation of intangible assets (Note 13)	46	46
Depreciation of property, plant and equipment (Note 12)	448	349
Loss on disposal of property, plant and equipment	–	8
Allowance for doubtful debts	64	16
Write-back of allowance for doubtful debts	(96)	(17)
(Gain)/loss on foreign exchange	(74)	48
Rental of office premise, warehouse, equipment and motor vehicles	655	492

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

10. Income tax

Major components of income tax credit

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

	Group	
	2019	**2018**
	$'000	$'000
Consolidated income statement:		
Income tax		
- Current income taxation	53	72
- Over provision in prior year	-	(179)
	53	(107)
Deferred tax		
- Origination and reversal of temporary differences	(5)	(90)
- Over provision in prior year	-	(12)
	(5)	(102)
Income tax expense/(credit) recognised in profit or loss	48	(209)

10. Income tax (cont'd)

	Group	
	2019	**2018**
	$'000	$'000
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Post employment benefit obligation	-	33

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	
	2019	**2018**
	$'000	$'000
Profit/(loss) before tax	795	(2,185)
Taxation at statutory tax rate of 17% (2018: 17%)	135	(371)
Adjustments:		
Effect of different tax rates in other countries	24	(21)
Expenses not deductible for tax purposes	259	97
(Over)/under provision in prior year	-	(191)
Deferred tax asset not recognised	-	284
Benefits from previously unrecognised tax losses	(370)	-
Others	-	(7)
Income tax expense/(credit) recognised in profit or loss	48	(209)

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	
	2019	**2018**
Thailand	20%	20%
Philippines	30%	30%
Malaysia	24%	24%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

11. Profit/(loss) per share

The basic and diluted profit/(loss) per share amounts are calculated by dividing profit/(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 (2018: Nil).

The following tables reflect the statement of comprehensive income and share data used in the computation of basic and diluted profit/(loss) per share for the years ended 31 May 2019 and 31 May 2018.

	Group	
	2019	**2018**
	$'000	$'000
Profit/(loss) for the year attributable to owners of the Company	747	(1,976)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	152,000	152,000
Profit/(loss) per share attributable to owners of the Company (cents per share)		
- Basic and diluted	0.49 cents	(1.30) cents

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

12 Property, plant and equipment

	Renovation $'000	Tools and testing equipment $'000	Computers and office equipment $'000	Motor vehicles $'000	Total $'000
Group					
2019					
Cost:					
1 June 2018	440	997	872	302	2,611
Additions	3	52	215	278	548
Disposals	–	–	(1)	(43)	(44)
Currency realignment	4	18	24	–	46
At 31 May 2019	447	1,067	1,110	537	3,161
Accumulated depreciation:					
1 June 2018	209	725	694	60	1,688
Depreciation charge for the year	68	144	121	115	448
Disposals	–	–	(1)	(43)	(44)
Currency realignment	4	16	18	–	38
At 31 May 2019	281	885	832	132	2,130
Net carrying amount:					
At 31 May 2019	166	182	278	405	1,031

12. **Property, plant and equipment (cont'd)**

	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
At 1 June 2017	208	416	206	5	835

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

Assets held under finance leases

During the year, the Group acquired property, plant and equipment with an aggregate cost of $548,000 (2018: $456,000). The cash outflow on acquisition of property, plant and equipment amounted to $335,000 (2018: $276,000). The remaining amounts were held under finance leases (2018: 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 $Nil (2018: $89,000), $24,000 (2018: $34,000) and $328,000 (2018: $228,000) respectively.

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

	Computers and office equipment $'000
Company	
2018	
At 1 June 2017	5
Addition	2
At 31 May 2018 and 1 June 2018	7
Addition	–
At 31 May 2019	7
Accumulated depreciation:	
At 1 June 2017	2
Depreciation charge for the year	2
At 31 May 2018 and 1 June 2018	4
Depreciation charge for the year	2
At 31 May 2019	6
Net carrying amount:	
At 31 May 2019	1
At 31 May 2018	3
At 31 May 2017	3

* denotes amounts less than $1,000

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

13. Intangible assets

	Customer relationships		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Group			
Cost:			
At 1 June	8,988	8,970	8,940
Currency alignment	23	18	30
At 31 May	9,011	8,988	8,970
Accumulated amortisation:			
At 1 June	8,850	8,792	5,747
Amortisation charge for the year	46	46	641
Impairment charge for the year	–	–	2,385
Currency alignment	20	12	19
At 31 May	8,916	8,850	8,792
Net carrying amount:	95	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 (2018: ten years) which is the period of expected benefits. As at 31 May 2019 and 2018, 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 depreciation and amortisation 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		
	31 May 2019	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**	**31 May 2019**	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Customer relationships	–	–	–	95	138	178	95	138	178

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

14. Investment in subsidiaries

		Company	
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$'000
Shares, at cost	11,121	11,121	11,121
Impairment losses	(4,996)	(4,996)	(3,726)
	6,125	6,125	7,395
Movement in impairment loss:			
Shares, at cost	4,996	3,726	–
Impairment losses	–	1,270	3,726
	4,996	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**		
			31 May 2019	**31 May 2018**	**1 June 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	100
Yinda Technology (Thailand) Co., Ltd. ("**YTT**") ^ # *(Formerly known as: CMC Communications (Thailand) Co., Ltd.)*	Thailand	Providing telecommunication network services	100	100	100
Yinda Technology Malaysia Sdn. Bhd. ("**YTM**") # *(Formerly known as: CMC Infocomm Sdn. Bhd.)*	Malaysia	Providing telecommunication network services	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership		
			31 May 2019	**31 May 2018**	**1 June 2017**
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	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 $ NIL (31 May 2018: $1,270,000, 1 June 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.

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15. Deferred tax

	Group	
	31 May 2019	31 May 2018
	$'000	$'000
At 1 June	596	559
Recognised in profit or loss (Note 10)	5	102
Recognised in other comprehensive income (Note 10)	-	(33)
Currency realignment	6	(32)
At 31 May	607	596

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

		Group		Consolidated income statement	
	31 May 2019	31 May 2018	1 June 2017	31 May 2019	31 May 2018
	$'000	$'000	$'000	$'000	$'000
Deferred tax liabilities:					
Difference in depreciation for tax purposes	(45)	(75)	(75)	(30)	-
Deferred tax assets:					
Provisions and accruals	249	380	282	131	(98)
Employees benefits	14	14	42	-	(28)
Unutilised losses	384	189	220	(195)	31
Unutilised capital allowances	-	84	84	84	-
Other items	5	4	6	5	7
Total	652	671	634		
Represented by:					
Deferred tax assets	607	596	559		
Deferred tax expenses				(5)	(102)

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

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15. Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has unutilised losses of approximately $757,000 (2018: $2,676,000) 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 $1,780,000 (2018: $1,867,000). The deferred tax liability is estimated to be $178,000 (2018: $186,000).

16. Trade and other receivables

	Group			Company		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000	**31 May 2019** $'000	**31 May 2018** $'000	**1 June 2017** $'000
Trade receivables - external	3,845	5,493	2,743	–	–	–
Trade receivables - related party	–	260	–	–	–	–
Retention amounts due from customers	522	640	339	–	–	–
	4,367	6,393	3,082	–	–	–
Less: Allowance for impairment	(186)	(213)	(178)		–	–
Trade receivables, net	4,181	6,180	2,904	–	–	–
<u>Other receivables</u>						
Creditable withholding tax and Input Value Added Tax	716	729	617	–	–	–
Advance payment to suppliers	167	126	45	–	–	–
Deposits	190	100	130	–	–	–
Notes receivable	496	–	63	–	–	–
Less: Allowance for impairment	–	–	(63)	–	–	–
Sundry receivables	188	125	36	–	–	–
Staff advances	96	123	35	–	–	–
Prepaid expenses	154	109	128	34	23	19
Amount due from related parties	12	47	26	12	13	*
Other receivables	2,019	1,359	1,017	46	36	19
Total trade and other receivables	6,200	7,539	3,921	46	36	19
<u>Less: Non-financial assets</u>						
Prepaid expenses	(154)	(109)	(128)	(34)	(23)	(19)
Advance payment to suppliers	(167)	(126)	(45)	–	–	–
Creditable withholding tax and Input Value Added Tax	(716)	(729)	(617)	–	–	–
	5,163	6,575	3,131	12	13	–
Add: Cash and bank balances (Note 19)	349	672	2,351	43	14	1,021
Add: Amounts due from subsidiaries (Note 18)	–	–	–	5,136	4,726	1,289
Add: Deposits (Non-current)	43	86	60	–	–	–
Total loans and receivables	5,555	7,333	5,542	5,191	4,753	2,310

*denotes amount less than S$1,000

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16. 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.

Included within trade receivables are factored receivables of $781,000 (31 May 2018: $Nil, 1 June 2017: $ Nil) transferred to a factoring bank (note 21).

Note receivable of $496,000 pertains to cheque in transit as at 31 May 2019.

Trade receivables denominated in foreign currency are as follows:

	Group			Company		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000	**31 May 2019** $'000	**31 May 2018** $'000	**1 June 2017** $'000
United States Dollar	116	247	312	–	–	–

Receivables that are past due but not impaired

As at 31 May 2019, the Group has trade receivables amounting to $1,461,000 (2018: $1,700,000) 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		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Not past due and not impaired	2,720	4,480	2,047
Receivables past due but not impaired:			
1 to 30 days	566	943	504
31 to 90 days	291	576	238
More than 90 days	604	181	115
	1,461	1,700	857
Receivables that are impaired	186	213	178
	4,367	6,393	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.

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16. Trade and other receivables (cont'd)

Collaterals

As at 31 May 2017, project financing from bank (Note 21) is secured by a fixed charge over certain trade receivables of a subsidiary.

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:

	Group Individually impaired	
	31 May 2018	**1 June 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.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group
	31 May 2019
	$'000
Movement in allowance accounts:	
At 1 January	213
Charge for the year	64
Written back	(96)
Currency realignment	5
At 31 December	186

No allowance for expected credit losses of contract assets has been provided as the amount is insignificant.

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16. Trade and other receivables (cont'd)

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.

17. Inventories

	Group			Company		
	31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000	31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000
Equipment and materials	1,214	1,195	47	–	–	–

At 31 May 2019, inventories recognised as an expense in the consolidated statement of comprehensive income under line item "Changes in inventories, materials consumed and subcontractor cost" for the Group amounted to $6,228,000 (31 May 2018: $5,462,000).

18. 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.

19. Cash and bank balances

	Group			Company		
	31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000	31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000
Current assets						
Cash at banks	209	455	1,111	33	4	15
Short-term and fixed deposits	110	195	1,202	10	10	1,006
Cash on hand	30	22	38	–	–	–
	349	672	2,351	43	14	1,021
Less: Pledged bank deposits	(100)	(185)	(185)	–	–	–
Cash and cash equivalents	249	487	2,166	43	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 2019 for the Group and the Company were 0.57% (2018: 0.57%) and 0.69% (2018: 0.69%) 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.

20. Trade and other payables

	Group			Company		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000	**31 May 2019** $'000	**31 May 2018** $'000	**1 June 2017** $'000
Trade payables - external	2,093	2,188	2,829	–	–	–
Trade payables - related parties	–	170	–	–	–	–
Other payables	557	635	270	332	337	142
Indirect tax payable	615	438	147	7	*	4
Accrued liabilities	1,215	1,070	833	207	230	154
Interest payable to shareholder	128	–	–	101	–	–
Advances from shareholder	–	2,708	–	–	2,708	–
Amounts due to related parties (non-trade)	5	12	17	–	3	–
Total trade and other payables	4,613	7,221	4,096	647	3,278	300
Less: Non-financial liability						
Indirect tax payable	(615)	(438)	(147)	(7)	*	(4)
	3,998	6,783	3,949	640	3,278	296
Add:						
Amounts due to subsidiaries	–	–	–	49	166	50
Loan and borrowings	5,851	1,355	2,131	4,200	1,000	941
Total financial liabilities carried at amortised cost	9,849	8,138	6,080	4,889	4,444	1,287

Trade and other payables

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

Trade and other payables denominated in foreign currency at 31 May 2019 and 2018 are as follows:

	Group			Company		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000	**31 May 2019** $'000	**31 May 2018** $'000	**1 June 2017** $'000
United States Dollar	93	19	*		–	–

* denotes amount less than S$1,000

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20. 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.

21. Loan and borrowings

		Group			Company		
	Maturity	**31 May 2019** $'000	**31 May 2018** $'000	**1 June 2017** $'000	**31 May 2019** $'000	**31 May 2018** $'000	**1 June 2017** $'000
Current:							
Obligations under finance leases (Note 26b)	2019	60	67	68	–	–	–
Previous Shareholder's loan	16 Aug 2017	–	–	941	–	–	941
Shareholder's loan	22 June 2018	4,200	1,000	–	4,200	1,000	–
Loan 1	31 July 2017	–	–	300	–	–	–
Loan 2	11 June 2018	–	22	257	–	–	–
Loan 3	2019	–	86	243	–	–	–
Loan 4	2019	489	–	–	–	–	–
Factoring	-	782	–	–	–	–	–
		5,531	1,175	1,809	4,200	1,000	941

21. Loan and borrowings (cont'd)

	Maturity	Group 31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000	Company 31 May 2019 $'000	31 May 2018 $'000	1 June 2017 $'000
Non-Current:							
Obligations under finance leases (Note 26b)	2019 - 2025	320	180	72	–	–	–
Loan 2	-	–	–	22	–	–	–
Loan 3	-	–	–	228	–	–	–
		320	180	322	–	–	–
Total loans and borrowings		5,851	1,355	2,131	4,200	1,000	941

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 2.90% (2018: 2.79% p.a.).

Previous Shareholder's Loan

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.

Shareholder's Loan

Shareholder's loan from Yinda Pte. Ltd. is unsecured, bears interest at the rate of 3.25% per annum (2018: 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 16) and corporate guarantees (Note 27) 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% (2018: 7.0%) and 6.25% (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

21. Loan and borrowings (cont'd)

- Loan 4 relates to a BAHT denominated short term loan which bears fixed interest rate of 5.0% per annum. The loan has been fully settled in cash in June 2019.

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

	2018	Cash flows	Non-cash changes		2019
			Addition	Re-classification	
	$'000	$'000	$'000	$'000	$'000
Advances from shareholder	2,708	–	–	(2,708)	–
Amount due to related parties (non-trade)	12	(7)	–	–	5
Shareholder's loan	1,000	492	2,708	–	4,200
Loans					
- current	108	(108)	–	–	–
- non-current	–	489	–	–	489
Factoring	–	782	–	–	782
Obligations under finance leases					
- current	67	(80)	73	–	60
- non-current	180	–	140	–	320
Total	4,075	1,568	2,921	(2,708)	5,856

	2017	Cash flows	Non-cash changes		2018
			Addition	Re-classification	
	$'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.

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

22. Employee benefit liabilities

As at 31 May 2019 and 2018, 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		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$’000
Net benefit expense			
Current service cost	65	38	36
Interest cost on benefit liabilities	8	9	7
Net benefit expense	73	47	43
Net actuarial gains recognised in the other comprehensive income	(7)	(125)	(13)

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

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
	$'000	$'000	$’000
At 1 June	134	219	194
Current service cost	65	38	36
Interest cost on benefit liabilities	8	9	7
Actuarial gains on obligation	(7)	(125)	(13)
Exchange differences	4	(7)	(5)
At 31 May	204	134	219

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

22. Employee benefit liabilities (cont'd)

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

	Group		
	31 May 2019	**31 May 2018**	**1 June 2017**
Discount rates	1.57% - 6.11%	1.5% - 8.0%	2.7% - 5.45%
Expected rate of salary increases	5%	5%	5%
Mortality rates	3%	3%	3%
Price inflation	3%	3%	3%

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		
		31 May 2019	**31 May 2018**	**1 June 2017**
	Increase/ (decrease) %	(Decrease)/ increase in net employee benefit liabilities S$'000	(Decrease)/ increase in net employee benefit liabilities S$'000	(Decrease)/ increase in net employee benefit liabilities S$'000
Discount rate	1.0	37	(20)	(22)
	(1.0)	(18)	24	26
Salary increase rate	1.0	38	13	34
	(1.0)	(31)	(10)	(29)

23. Share capital

	Group and Company			
	2019		**2018**	
	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

24. Reserves

	Group		
	31 May 2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Foreign currency translation reserve	117	61	(4)
Capital reserves	1,890	1,890	1,890
Merger reserves	(10,397)	(10,397)	(10,397)
Statutory reserves	49	49	49
Others	6	6	6
	(8,335)	(8,391)	(8,456)

(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.

25. 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	
	2019 $'000	**2018** $'000
Sales of services	–	656
Purchases of raw materials from a related party	565	149
Interest expense on shareholder's loan	103	39
Rental of vehicles from shareholder	26	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

25. Related party transactions (cont'd)

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.

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

	Group	
	2019	**2018**
	$'000	$'000
Short-term employee benefits (including directors' remuneration)	451	635
Directors' fee	149	185
Defined contribution plan	22	42
Consultation fee	5	84
	627	946
Comprise amounts paid to:		
Directors of the Company	200	305
Other key management personnel	427	641
	627	946

26. 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	
	2019	**2018**
	$'000	$'000
Within one year	555	424
Later than one year but not later than five years	701	610
	1,256	1,034

NOTES TO THE FINANCIAL STATEMENTS

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26. 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					
	2019 $'000		**2018** $'000		**2017** $'000	
	Minimum lease payments	Present value of payments (Note 21)	Minimum lease payments	Present value of payments (Note 21)	Minimum lease payments	Present value of payments (Note 21)
Not later than one year	80	60	79	67	73	68
Later than one year but not later than five years	300	247	184	157	77	72
Later than five years	65	73	23	23	–	–
Total minimum lease payments	445	380	286	247	150	140
Less: Amounts representing finance charges	(65)	–	(39)	–	(10)	–
Present value of minimum lease payments	380	380	247	247	140	140

27. Corporate guarantees

	Group		Company	
	2019 $'000	**2018** $'000	**2019** $'000	**2018** $'000
Corporate guarantees given to secure banking facilities & lender granted to:				
- a subsidiary	–	–	5,802	5,000

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.

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

28. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Trade and other receivables and payables (Notes 16 and 20), cash and bank balances (Note 19), restricted bank deposits (Note 19), amounts due from/(to) subsidiaries (Note 18), and loan and borrowings (Note 21).

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.

(c) ***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 2019 and 2018 but for which fair value is disclosed.

(d) ***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.

29. 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.

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

29. 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 S$'000	**1 to 5 years** S$'000	**Total** S$'000
Group			
31 May 2019			
Financial assets:			
Trade and other receivables	5,163	–	5,163
Cash and bank balances	349	–	349
Deposits	–	43	43
Total undiscounted financial assets	5,512	43	5,555
Financial liabilities:			
Trade and other payables	3,998	–	3,998
Loan and borrowings	5,632	334	5,966
Total undiscounted financial liabilities	9,630	334	9,964
Total net undiscounted financial liabilities	(4,118)	(291)	(4,409)
31 May 2018			
Financial assets:			
Trade and other receivables	6,575	–	6,575
Cash and bank balances	672	–	672
Deposits	–	86	86
Total undiscounted financial assets	7,247	86	7,333
Financial liabilities:			
Trade and other payables	6,783	–	6,783
Loan and borrowings	1,200	219	1,419
Total undiscounted financial liabilities	7,983	219	8,202
Total net undiscounted financial liabilities	(736)	(133)	(869)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

Group	**1 year or less** S$'000	**1 to 5 years** S$'000	**Total** S$'000
1 June 2017			
Financial assets:			
Trade and other receivables	3,131	–	3,131
Cash and bank balances	2,351	–	2,351
Deposits	–	60	60
Total undiscounted financial assets	5,482	60	5,542
Financial liabilities:			
Trade and other payables	3,949	–	3,949
Loan and borrowings	1,860	334	2,194
Total undiscounted financial liabilities	5,809	334	6,143
Total net undiscounted financial liabilities	(327)	(274)	(601)

Company	**1 year or less** S$'000	**1 to 5 years** S$'000	**Total** S$'000
31 May 2019			
Financial assets:			
Trade and other receivables	12	–	46
Amounts due from subsidiaries	5,136	–	5,136
Cash and bank balances	43	–	43
Total undiscounted financial assets	5,191	–	5,191
Financial liabilities:			
Trade and other payables	640	–	640
Amounts due to subsidiaries	49	–	49
Loan and borrowings	4,301	–	4,301
Total undiscounted financial liabilities	4,990	–	4,990
Total net undiscounted financial assets	201	–	201

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FOR THE FINANCIAL YEAR ENDED 31 MAY 2019

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

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

Company	1 year or less S$'000	1 to 5 years S$'000	Total S$'000
31 May 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
Advances from shareholder	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 June 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 2019

29. 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	
2019	
Corporate guarantees	5,802
2018	
Corporate guarantees	5,000

(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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 365 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the customer;

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

(b) ***Credit risk (cont'd)***

- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the group and changes in the operating results of the customer.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:-

- There is significant difficulty of the debtor;

- A breach of contract, such as a default or past due event;

- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments and in significant financial difficulties. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

<u>Trade and other receivables</u>

The Group provides for lifetime expected credit losses for all trade and other receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The loss allowance provision as at 31 December 2018 is determined based on geographical region, the expected credit losses and incorporate forward looking information such as forecast of economic conditions and expected inflation rates .

Summarised below is the information about the credit risk exposure on the Group's trade and other receivables using provision matrix, grouped by geographical

(i) Singapore

		Past due		
31 May 2019	**Current**	**Less than 90 days**	**More than 90 days**	**Total**
	$'000	$'000	$'000	$'000
Gross carrying amount	1,794	552	525	2,871
Loss allowance provision	–	–	(92)	(92)

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

(b) ***Credit risk (cont'd)***

(ii) Other geographical area

31 May 2019	**Current**	**Past due** Less than 90 days	**Past due** More than 90 days	**Total**
	$'000	$'000	$'000	$'000
Gross carrying amount	926	358	212	1,496
Loss allowance provision	–	(53)	(41)	(94)

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 16.

No trade and other receivables were wrote-off during the year.

30. 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 2019 and 31 May 2018.

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

	Group 2019	**Group** 2018
	$'000	$'000
Loan and borrowings (Note 21)	(5,851)	(1,355)
Add: Cash and cash equivalents (Note 19)	249	487
Net cash	5,602	(868)

31. 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.

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31. Segment information (cont'd)

	Singapore		Thailand		Philippines		Malaysia		Adjustments and eliminations		Note	Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000		$'000	$'000
External customers	10,819	8,418	4,914	4,090	2,496	1,415	–	–	(244)	–		17,985	13,923
Operating profit/(loss)	1,218	(2,375)	(77)	459	181	(1,404)	(32)	(23)	(363)	1,222	A	927	(2,121)
Interest income	39	6	1	1	–	–	–	–	(39)	–		1	7
Finance costs	(159)	(73)	(7)	–	(6)	–	–	–	39	2		(133)	(71)
Profit/ (loss) before taxation	1,098	(2,442)	(83)	460	175	(1,404)	(32)	(23)	(363)	1,224		795	(2,185)
Income tax expense	121	16	(5)	(90)	(164)	283	–	–	–	–		(48)	209
Profit/ (loss) for the financial year	1,219	(2,426)	(88)	370	11	(1,121)	(32)	(23)	(363)	1,224		747	(1,976)
Segment assets	30,098	27,466	4,217	3,550	2,902	2,493	32	29	(21,612)	(20,788)	B	15,637	12,750
Segment liabilities	12,812	11,393	1,914	1,269	3,918	3,491	123	90	(5,837)	(5,390)	C	12,930	10,853
Net assets	17,286	16,073	2,303	2,281	(1,016)	(998)	(91)	(61)	(15,775)	(15,398)		2,707	1,897

As at 1 June 2017

	Singapore	Thailand	Philippines	Malaysia	Adjustments and eliminations	Note	Consolidated
	$'000	$'000	$'000	$'000			$'000
Segment assets	24,708	3,210	2,912	37	(18,580)	B	12,287
Segment liabilities	6,209	1,368	2,892	73	(1,971)	C	8,571

31. 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:

	2019 $'000	**2018** $'000
Others	(363)	1,222

Note B

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

	2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Inter-segment assets	(21,612)	(20,788)	(18,580)

Note C

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

	2019 $'000	**31 May 2018** $'000	**1 June 2017** $'000
Inter-segment liabilities	(5,837)	(5,390)	(1,971)

Information about major customers

Revenue from the three major customers in Singapore, Thailand and the Philippines contributed 43.5% (2018: 55.9%) of the total revenue of the Group.

32. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 May 2019 were authorised for issue in accordance with a resolution of the directors on 6 September 2019.

STATISTICS OF SHAREHOLDINGS

AS AT 16 AUGUST 2019

Total number of issued shares (excluding treasury shares)	:	152,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number of treasury shares and subsidiary holdings	:	Nil

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.24	20	0
100 – 1,000	23	5.48	21,000	0.01
1,001 – 10,000	272	64.76	1,387,300	0.91
10,001 – 1,000,000	120	28.57	11,064,400	7.28
1,000,001 AND ABOVE	4	0.95	139,527,280	91.80
TOTAL	**420**	**100.00**	**152,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares held	%
1	UOB KAY HIAN PTE LTD	78,781,180	51.83
2	YINDA PTE. LTD.	56,552,000	37.21
3	DB NOMINEES (SINGAPORE) PTE LTD	2,687,000	1.77
4	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,507,100	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	KOH MUI SONG	200,000	0.13
18	LEE GUAT CHENG	200,000	0.13
19	LIM KIAN MENG	200,000	0.13
20	TAN ANNIE	200,000	0.13
	Total	**145,384,680**	**95.65**

STATISTICS OF SHAREHOLDINGS

AS AT 16 AUGUST 2019

FREE FLOAT

Based on information available to the Company as at 16 August 2019, approximately 15.44% 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 SGX-ST has been compiled with.

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%[4]	NO. OF SHARES	%[4]
Yinda Pte Ltd	120,437,180[1]	79.23	–	–
Shanghai Yinda Science and Technology Industrial Co Ltd	–	–	120,437,180[2]	79.23
Shanghai Yinda Technology Group Co Ltd	–	–	120,437,180[2]	79.23
Song Xingyi	–	–	120,437,180[2]	79.23
Wang Hua	–	–	120,437,180[2]	79.23
Wang Zhijun	–	–	120,437,180[2]	79.23
Dato' Abdul Rahman Bin Yusof	–	–	8,098,000[3]	5.33

Notes:

(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 (32%) and Qian Zhongcheng (8%). 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 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 16 August 2019.

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 Thursday, 26 September 2019 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 May 2019 and the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$138,000 for the financial year ending 31 May 2020, payable quarterly in arrears. **(Resolution 2)**

3. To re-elect Mdm Song Xingyi, a Director who is retiring pursuant to Regulation 104 of the Company's Constitution.

   See Explanatory Note (i) **(Resolution 3)**

4. To re-elect Ms Shao Lifang, a Director who is retiring pursuant to Regulation 114 of the Company's Constitution.

   See Explanatory Note (ii) **(Resolution 4)**

5. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company to hold office until the next AGM of the Company, and to authorise the Directors to fix the remuneration of Messrs Ernst & Young LLP. **(Resolution 5)**

SPECIAL BUSINESS

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

6. **Authority to allot and issue shares** **(Resolution 6)**

   "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 (iii) below

NOTICE OF
ANNUAL GENERAL MEETING

7. **Proposed Renewal of the Anhui IPT General Mandate** **(Resolution 7)**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies (if any) which fall within the definition of "entities at risk" under Chapter 9 of the Catalist Rules, or any of them, to enter into any transaction falling within the categories of interested person transactions set out under the Anhui IPT General Mandate with Anhui Diantong, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum;

(b) the approval given for the Anhui IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the review procedures and/or modify or implement such review procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules, which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to this resolution and the Anhui IPT General Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company."

See Explanatory Note (iv) below

8. **Proposed Renewal of the Shanghai Yinda S&T IPT General Mandate** **(Resolution 8)**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Company, its subsidiaries and associated companies (if any) which fall within the definition of "entities at risk" under Chapter 9 of the Catalist Rules, or any of them, to enter into any transaction falling within the categories of interested person transactions set out under the Shanghai Yinda S&T IPT General Mandate with members of the Wider S&T Group, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum;

(b) the approval given for the Shanghai Yinda S&T IPT General Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;

NOTICE OF
ANNUAL GENERAL MEETING

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the review procedures and/or modify or implement such review procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules, which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to this resolution and the Shanghai Yinda S&T IPT General Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company."

See Explanatory Note (v) below

9. To transact any other ordinary business which may be properly transacted at an AGM.

By Order of the Board

Claudia Teo Kwee Yee
Company Secretary

11 September 2019

Explanatory Notes:

(i) Mdm Song Xingyi is deemed to have an interest in 120,437,180 shares in the Company through her shareholding in the indirect holding company, Shanghai Yinda Science and Technology Industrial Co Ltd. Save for the aforesaid interest, Mdm Song has no other interest in the Company. Mdm Song shall, upon re-election as Director of the Company, remain as the Non-Executive Non-Independent Director and member of the Nominating and Remuneration Committees.

(ii) Ms Shao Lifang shall, upon re-election as Director of the Company, remain as the Executive Director of the Company. There are no relationship (including immediate family relationships) between Ms Shao Lifang and the other Directors, the Company or its 10% shareholders.

(iii) Ordinary Resolution 6, 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.

(iv) The Ordinary Resolution 7 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Anhui Diantong as defined in Chapter 9 of the Catalist Rules.

(v) The Ordinary Resolution 8 above, if passed, allows the Company, and its subsidiaries and to enter into transactions with interested persons with the Wider S&T Group as defined in Chapter 9 of the Catalist Rules.

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

NOTICE OF ANNUAL GENERAL MEETING

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.

(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 reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Ong Hwee Li (telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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 Cub, Emerald Suite, 1 Orchid Club Road, Singapore 769162 on Thursday, 26 September 2019 at 2.00 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 2019 and the Directors' Statement and the Auditors' Report thereon.		
2.	To approve the Directors' fees of S$138,000 for the financial year ending 31 May 2020, payable quarterly in arrears.		
3.	To re-elect Mdm Song Xingyi as Director pursuant to Regulation 104.		
4.	To re-elect Ms Shao Lifang as Director pursuant to Regulation 114.		
5.	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
6.	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.		
7.	Renewal of the Anhui IPT General Mandate.		
8.	Renewal of the Shanghai Yinda S&T IPT General Mandate.		

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

Dated this ______ day of ____________ 2019

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

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

11. 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.

12. 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*
MS. SHAO LIFANG *Executive 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**