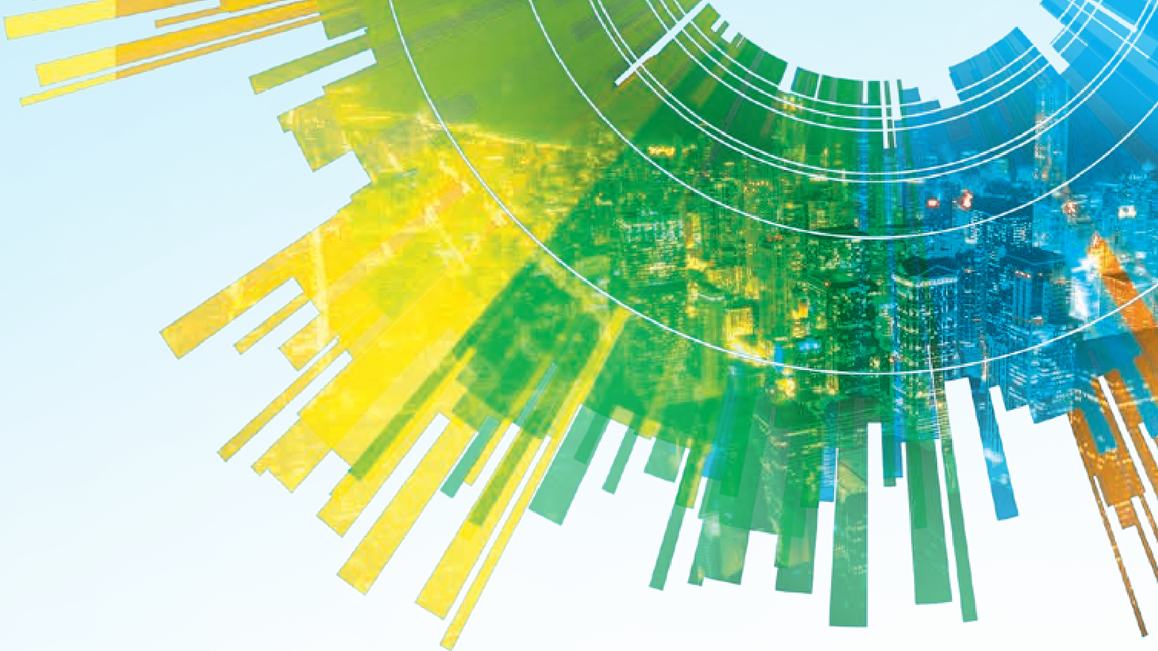
YINDA INFOCOMM

KEEPING PACE
TAPPING OPPORTUNITIES

ANNUAL REPORT 2020



OUR VISION

To be a leading integrator and one-stop shop service provider of infocommunication technology solutions.

OUR MISSION

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

This annual report has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This annual report 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 annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Ong Hwee Li (Tel: 6232 3210) at 1 Robinson Road #21-00 AIA Tower, Singapore 048542.

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CORPORATE PROFILE

Yinda Infocomm Limited (the "Company" and together with its subsidiaries, the "Group") 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.

NETWORK PLANNING AND OPTIMISATION

Provision of solutions for improving network planning performances such as analyse call drop and success rates managing bandwidth utilisation, minimize latency, packet loss, congestion and jitter.

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. As at the date of this annual report, Yinda Pte. Ltd. holds 44,437,180 shares, representing 29.23% of the total number of issued and paid-up share capital of the Company.

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On behalf of the board of directors, we are pleased to present the annual report of Yinda Infocomm Ltd ("**Group**") for the financial year ended 31 May ("**FY**") 2020.

FY2020 BUSINESS REVIEW

The COVID-19 outbreak in early 2020 has caused severe disruption to the global economy and business. As governments worldwide have been taking various measures to battle the spread of the virus, this inevitably add an enormous impact on our telecommunication industry and our Group's operations.

Singapore
In Singapore, the Group had to adopt and implement precautionary measures including work-from-home arrangements where the employees in Singapore office, including the finance team had to operate from home during the Circuit Breaker period. Even after Phase 2 of the Circuit Breaker which ended on 18 June 2020, the Group continued to implement default work-from-home arrangement for all employees, while general workers and engineers will report to work on-site.

Thailand
In Thailand, the Emergency Decree declared by the government on 26 March 2020 has been extended until 31 October 2020 (and may be further subject to a monthly extension). Despite the Company's office in Bangkok being allowed to resumed its usual operations with relevant social distancing measures in place since early May 2020, the Group's customers continued to implement work-from-home or work-in-shifts arrangements. This resulted in delays of the project implementation progress due to restriction of site visit or meeting arrangements which affected the work processes of the Group's Thailand operations.

Philippines
The Group's offices in Manila had to be closed on 1 April 2020 to 31 May 2020 while all employees are placed under work-from-home basis pursuant to the government's imposition of the Enhanced Community Quarantine ("**ECQ**"). On 16 May 2020, the government relaxed the ECQ and put Manila under the modified ECQ ("**MECQ**"). Within this framework, government offices and selected private businesses were allowed to work at 50% capacity, but still required to wear face masks and carry out social distancing. From 1 June 2020 to 3 August 2020, the Philippines government further relaxed measures under the General Community Quarantine ("**GCQ**") but reverted back to the MECQ from 4 August 2020 to 18 August 2020 following a resurgence in the number of COVID-19 cases. From 19 August 2020 till 31 October 2020, Manila is under GCQ.

The Group offices in Manila resumed operations on 1 June 2020 with minimum number of employees (50% as allowed under MECQ) with shortened working days, while most of the employees were still under work-from-home arrangements. The Group's office in Manila was once again put on a halt when the government reverted back to MECQ from 4 August 2020 to 18 August 2020.

FINANCIAL PERFORMANCE

In the face of unprecedented, difficult and challenging market conditions for the telecommunication industry in Singapore, for the financial year ended 31 May 2020, the Group recorded much lower revenue of $11.5 million as compared to $17.9 million (restated) in the financial year ended 31 May 2019 representing a decrease of $6.4 million or 35.7%.

Revenue for FY2020 decreased mainly from (i) the Telecommunication Implementation ("**TI**") projects of $5.6 million in Singapore, partially offset by an increase in revenue contributions from Philippines and Thailand of $0.1 million and $0.8 million respectively; (ii) increase in Networking Planning Optimisation ("**NPO**") projects of $0.5 million in Singapore, partially offset by a decrease in contributions from Philippines and Thailand of $0.5 million and $0.2 million respectively; and (iii) decrease in In-Building Construction ("**IBC**") projects in Singapore, Philippines and Thailand of approximately $1.0 million, $0.2 million and $0.3 million respectively.

FUTURE PROSPECTS

With the entrance of a fourth telecommunications operator and the transition of Singapore to a digital economy, the Group continues to look out for opportunities in the telecommunications space while at the same time, remaining cautious amid the prevailing economic uncertainties.

In addition, 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.

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.

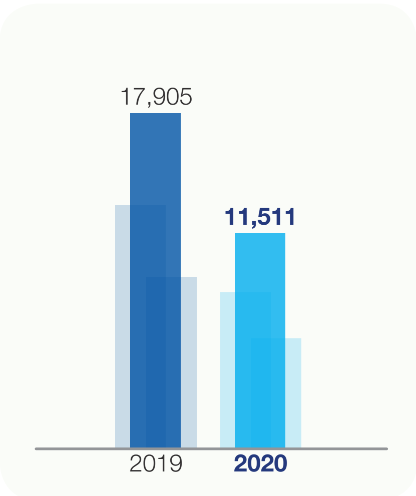
REGIONAL PRESENCE

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.

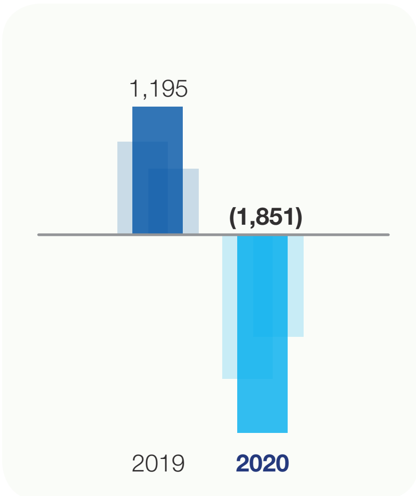
FINANCIAL HIGHLIGHTS

FOR THE YEAR ($'000)	2020	2019 (Restated)
Revenue	**11,511**	17,905
(Loss) Earnings before interest, tax, depreciation & amortisation (EBITDA)	**(1,851)**	1,195
(Loss)/profit before tax	**(2,869)**	568
(Loss)/profit for the year	**(3,156)**	534
(Loss)/profit attributable to owners of the company	**(3,156)**	534
AT YEAR END ($'000)		
Current assets	**12,156**	14,221
Total assets	**13,556**	15,557
Current liabilities	**12,393**	11,332
Total liabilities	**13,147**	11,856
Total debts (Including shareholder's loan)	**6,314**	5,851
Equity attributable to owners of the company	**409**	3,701
Total equity	**409**	3,701
Number of shares as at 31 May	**152,000,000**	152,000,000
PROFITABILITY RATIOS		
Return on shareholders' equity (%)	**(771.6)**	14.4
Return on total assets (%)	**(23.3)**	3.4
LEVERAGE RATIOS		
Long-term debt to equity ratio (times)	**0.6**	0.1
Total debts to equity ratio (times)	**15.4**	1.6
LIQUIDITY ANALYSIS RATIOS		
Current ratio (times)	**0.98**	1.3
Net asset value per share (cents)	**0.27**	2.43

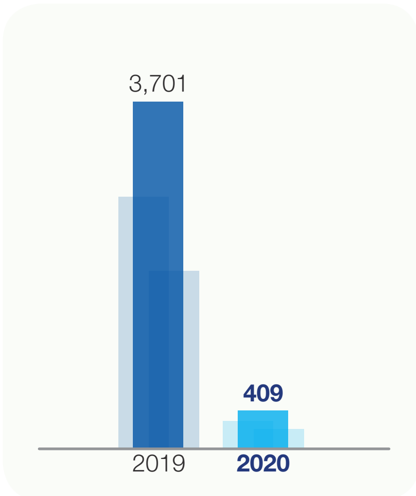
REVENUE ($'000)



EBITDA ($'000)



SHAREHOLDERS' EQUITY ($'000)



FINANCIAL REVIEW

INCOME STATEMENT

The Group's revenue decreased by $6.4 million or 35.7% to $11.5 million in 31 May ("**FY**") 2020 as compared to $17.9 million (restated) in FY2019. The restatement of revenue for FY2019 resulted a decrease by $80,000 as a result due to the prior year adjustments recorded in different financial year.

Revenue for FY2020 decreased mainly from (i) the Telecommunication Implementation ("**TI**") projects of $5.6 million in Singapore, partially offset by an increase in revenue contributions from Philippines and Thailand of $0.1 million and $0.8 million respectively; (ii) increase in Networking Planning Optimisation ("**NPO**") projects of $0.5 million in Singapore, partially offset by a decrease in contributions from Philippines and Thailand of $0.5 million and $0.2 million respectively; and decrease in In-Building Construction ("**IBC**") projects in Singapore , Philippines and Thailand of approximately $1.0 million, $0.2 million and $0.3 million respectively.

While the Group had recorded a higher revenue of $8.2 million in the half year ended 30 November 2019 ("**HY2020**") as compared to $7.8 million in the half year ended 30 November 2018 ("**HY2019**") mainly due to contributions from the IBC segment, the overall revenue for FY2020 had decrease mainly due to measures implemented by respective governments in Singapore, Philippines and Thailand in an effort against the Coronavirus ("**COVID-19**").

The changes in inventories, material consumed and subcontractor cost represents the cost related to our projects and these costs decreased by approximately $2.6 million or 40.6% from $6.4 million in FY2019 to $3.8 million in FY2020, which is in line with the decrease in revenue and lesser reliance on sub-contractor.

The employee benefits expenses for both project and admin represent the staff costs incurred during the year. Both employee benefit expenses for project and admin decreased by 11.8% and 10.1% respectively from $5.3 million to $4.7 million, and from $2.4 million to $2.1 million respectively, in line with the decrease in the Group's revenue.

Depreciation and amortisation expenses increased mainly due to the adoption of SFRS(I) 16 Leases.

Legal and professional fees expenses were fees paid to professional firms decreased by approximately 16.7% from $0.5 million in FY2019 to $0.4 million in FY2020 mainly due to the absence of professional fees that were incurred in respect of the extraordinary general meeting held in FY2019.

Other general and administrative expenses decreased by approximately of $0.4 million or 16.1% from $2.4 million in FY2019 to $2.0 million in FY2020 mainly due to the decrease in rental expenses recognised as lease liability pursuant to the adoption of SFRS(I) 16 Leases, decrease in advertising cost of $0.1 million, and traveling expenses of $0.2 million.

Income tax expenses increased mainly due to provision in current year as well as the recognition of deferred tax liabilities during the year.

BALANCE SHEET

The increase in non-current assets by approximately 4.8% from $1.3 million as at 31 May 2019 to $1.4 million as at 31 May 2020 was mainly due to an increase in both deposits and property, plant and equipment. The increase in property, plant and equipment is due to the recognition of "right-of-use" assets pursuant to the adoption of SFRS(I) 16 Leases. Intangible assets, which decreased mainly due to amortisation, consist of customer relationships arising from the purchase price allocation exercise upon acquisition of the Group's subsidiaries CMC Communications (Singapore) Pte. Ltd. (which has been renamed to Yinda Technology Singapore Pte. Ltd.) and CMC Communications (Thailand) Co. Ltd (which has been renamed to Yinda Technology (Thailand) Co., Limited) in June 2011, post-IPO.

Current assets decreased from $14.2 million as at 31 May 2019 to $12.2 million as at 31 May 2020. Inventories decreased from $1.2 million as at 31 May 2019 to $1.1 million as at 31 May 2020 was mainly due to provision for inventories obsolesces. Contract assets which primarily relate to the Group's right to consideration for work completed but not yet billed has decreased from $6.5 million in FY2019 to $6.3 million in FY2020. These decreases were due to the Company completing lesser projects during FY2020 compared to FY2019 which have yet to be billed as at the balance sheet date. Trade and other receivables decreased by $1.8 million or 29.5% from $6.2 million as at 31 May 2019 to $4.4 million as at 31 May 2020 as a result of assessment of expected credit losses as well as lesser billing towards the end of FY2020 due to COVID-19. No significant change in year end balances of cash and cash equivalents balances.

Non-current liabilities increased by approximately $0.2 million mainly due to recognition of deferred tax liabilities arising from contract assets.

Current liabilities increased by approximately $1.1 million or 9.4% from $11.3 million as at 31 May 2019 to $12.4 million as at 31 May 2020. This was mainly due to an increase in shareholder's loan from Yinda Pte. Ltd. of $0.6 million, trade and other payables of $0.3 million, lease liabilities of $0.6 million, and contract liabilities of $0.1 million, and provision for tax of $0.1 million during the year. This was partially offset by a decrease of bank borrowings of $0.6 million during the year.

The increase in accumulated losses and negative other reserves were mainly due to the current year losses offset by translation reserve movements.

STATEMENT OF CASH FLOWS

In FY2020, net cash flows generated from operating activities amounted to $0.8 million. This includes increase in contract liabilities of $0.1 million, decrease in trade and other receivables of $1.5 million, increase in trade and other payables of $0.3 million, decrease in inventories of $0.1 million, partially offset by an increase in contract assets of $0.2 million.

Net cash flows used in investing activities amounted to approximately $0.1 million which was mainly due to the purchase of property, plant and equipment of $0.1 million.

Net cash flows used in financing activities amounted to approximately $0.5 million, mainly due to net proceeds of loan from Yinda Pte. Ltd. which amounted to $0.6 million, net proceeds from borrowings and shareholders' loan amounting to $1.2 million and $0.6 million respectively, which was offset by the repayment of bank borrowings, factoring and lease liabilities amounting to approximately $1.1 million, $0.7 million and $0.5 million respectively

As a result of the above, there was a net increase of $81,000 in cash and cash equivalents. As at 31 May 2020, the Group has cash and cash equivalent of $0.3 million.

CORPORATE STRUCTURE

BOARD OF DIRECTORS

MDM SONG XINGYI

Non-Executive and Non-Independent Chairwoman
Bachelor's Degree in Electrical Engineering, Hefei University of Technology, 1975

Mdm Song Xingyi is our Non-Executive and Non-Independent Chairwoman and was appointed to our Board on 30 September 2017. She is also a member of our Nominating and Remuneration Committee. Mdm Song is the Chairwoman 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 ("**Anhui Diantong**") (formerly known as Diantong Institute). Anhui 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, transportation. Anhui 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 Anhui 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 General Manager until 2010. After the establishment of Shanghai Yinda Technology Group Co., Ltd. in 2010, Mdm Song was appointed as Chairwoman 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 as an accountant and was responsible for its daily accounting practice.

In 2000, she participated in the formation of Shanghai Yinda Science and Technology Industrial Co., Ltd where she was appointed as Finance Manager and oversaw financial and legal matters relating to the group.

In 2011, she was promoted as Group Finance Manager of Shanghai Yinda Technology Group Co. Ltd and has been responsible for the financial health of the entire organisation till date.

MR TAN CHEE BUN GORDON

Executive Director
Degree in Accountancy, National University of Singapore, 1990
Fellow Chartered Accountant of Singapore

Mr Tan Chee Bun, Gordon is our Executive Director and was appointed to our Board on 16 September 2020. He is responsible for the management of the Group's overall business, financial and corporate matters.

Mr Tan began his career at Ernst & Young LLP, an international accounting firm where he undertook the audit of various companies. Between February 1993 and June 1996, Mr Tan worked in Wepco Ltd as Group Accountant and subsequently, as Finance Manager of its subsidiaries. In July 1996, Mr Tan became the Financial Controller of Omni Mold Ltd where he was responsible for the financial, taxation and management accounting functions. In August 2000, Mr Tan joined Fischer Tech Ltd as Financial Controller and was one of the key management personnel who assisted the Company in obtaining a Main Board listing on the Singapore Stock Exchange in July 2001. In January 2004, he was promoted to the position of Chief Financial Officer. In November 2017, he oversaw the divestment of Fischer Tech Ltd to a private equity fund and its subsequent delisting. Between August 2018 and November 2019, Mr Tan worked in Rigel Technology (S) Pte Ltd as its Group Chief Financial Officer, responsible for the full spectrum of financial reporting, taxation, treasury and regulatory function of the Group, including information technology and evaluation of potential business opportunities.

Mr Tan holds a Bachelor of Accountancy Degree from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants.

MR HENRY TAN SONG KOK

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

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

In 1988, Mr Tan started his career with a big 4 accounting firm and was responsible for the audit of companies from various industries. He then founded Nexia TS, a 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, BH Global Limited listed and Asia Vets Holdings Ltd on the SGX and China New Town Development Co Ltd which is listed on the Hong Kong Exchange. He is also the Chairman of the Nanyang Business School Alumni Advisory Board of NTU. He was previously on the board of Ascendas REIT, Raffles Education and Chosen Holdings Limited. He served previously on the Global board of Nexia International and as its Chairman for Asia Pacific for many years overseeing growth in 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.

BOARD OF DIRECTORS

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 Chairwoman of the Nominating Committee and is a member of our Audit and Remuneration Committee.

Ms Tang started her career in China Zhenhua (Group) Technology Limited Co. and assumed the position of multi-media business department's vice manager in 1991 before she further went on and developed her career in the human resources field, working with Zuoyou Human Resources Consulting Co. Ltd. as a consultant. 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 Human Resources related system projects for enterprises like 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 is concurrently in charge of the planning and development of the company's enterprise strategy and the management of investments.

MR CHEAM HENG HAW, HOWARD

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

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

He has also been involved in both public and private 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 QIAN ZIMIN

Acting Chief Executive Officer ("CEO")
Bachelor's Degree of Refrigeration Engineering, Shanghai Jiaotong University, 1983

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

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

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

In 2017, Mr Qian was led Yinda Pte Ltd's (subsidiary of Shanghai Yinda Science and Technology Industrial Co. Ltd) successfully takeover of CMC Infocomm Ltd, which was renamed as 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 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 of Degree of Accountancy, University of Hertfordshire, 2001
Fellow member of the Association of Chartered Certified Accountants
Member of the Institute of Singapore Chartered Accountants

Mr Frederick Lau is our Deputy Chief Financial Officer. He joined our Group in April 2018 and is in charge of managing the accounting and finance function of our Group including supervising the preparation of accounts as well as consolidation of financial results and reporting. Prior to joining our Group, Mr 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 Accounts

CORPORATE GOVERNANCE REPORT

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

The Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") requires all listed companies to describe in their annual reports, their corporate governance practices, with specific reference to each of the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**") pursuant to Rule 710 of the Catalist Rules.

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 31 May 2020 ("**FY2020**"), the Company has generally adhered to the framework outlined in the Code. Where there were any deviations from any provisions of the Code, appropriate disclosures and explanations are provided.

BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1 of the Code: Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board is collectively responsible for the long-term success of the Group and is accountable to its shareholders. 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 as well as providing entrepreneurial leadership, taking into consideration sustainability issues and ensuring the necessary financial and human resources are in place for the Company to meet its objectives;
- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;
- reviewing Management performance;
- identify the key stakeholder groups and recognise that their perceptions affect the Group; and
- setting the Group's values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.

All Directors exercise due diligence and independent judgment, and are obliged to act in good faith and consider at all times as fiduciaries in the interests of the Group. Although the Board has yet to adopt a Code of Conduct and Ethics, all Board members recognize the importance of conducting themselves and carrying out their duties in the best interest of the Company always and to avoid placing themselves in any situation where conflict of interest may arise. All Board members are expected to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to any transaction or matter discussed and contemplated by the Group. When an actual, potential and/or perceived conflict of interest situation arises, the concerned Director must disclose such interest, recuse himself from discussions and decisions involving the matter, and abstain from voting on resolutions regarding the matter and refrains from exercising any influence over other members of the Board, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. On an annual basis, each Director is also required to submit details of his/her associates for the purpose of monitoring interested person transactions.

Provision 1.2: Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.

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
Mr Tan Chee Bun Gordon	Executive Director
Mr Henry Tan Song Kok	Lead Independent Director
Mr Cheam Heng Haw, Howard	Independent Director
Ms Tang Qun	Independent Director

The duties and obligations of the Director are set out in writing upon his/her appointment. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an orientation programme for new Directors to ensure that the incoming Director is familiar with the Company's business and governance practices. The new Director will be given briefings by the Management on the business structure and activities of the Group, its strategic and growth directions, corporate governance practices, and an overview of the more significant business risks, issues and challenges it faces. Corporate materials and documents such as the latest Annual Report, and upon request by the Director, minutes of recent Board and Board Committee meetings and the Constitution of the Company, will also be given to him/her to facilitate his/her understanding of the structure and operations of the Group.

In accordance with Rule 406(3)(a) of the Catalist Rules, the Nominating Committee will ensure that any new Director appointed to the Board, who has no prior experience as a director of a listed company will undergo mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST. Mr Tan Chee Bun Gordon was appointed to the Board as an Executive Director on 16 September 2020. He has attended the Listed Entity Director Essentials (LED 1), Board Dynamics (LED 2), Board Performance (LED 3) and Shareholder Engagement (LED 4) courses by the Singapore Institute of Directors in 2018.

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 will update the Directors on the new or revised financial reporting standards on an annual basis, and whenever necessary.

Provision 1.3: The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.

The Board has adopted a set of guidelines on matters that requires its approval. The following types of material transactions are specifically reserved for the Board:

1. Approval of corporate strategies, business plans and budgets of the Group;

2. Approval of material acquisitions and disposal of assets;

3. Approval of capital related matters including corporate or financial restructuring, investment or expenditure exceeding certain threshold limits;

4. Approval and authority to issue new shares in the capital of the Company of effect changes in the capital structure;

5. Approval of financial statements;

6. Declaration of dividends and other returns to shareholders; and

7. Authorisation of interested person transactions.

Provision 1.4: Board Committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.

To assist in the execution of its responsibilities, the Board has established three (3) 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.

More details on each of the Board Committees, including the names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions and a summary of their activities, are set out in the further sections of this Report.

Provision 1.5: Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

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 Constitution of the Company provides for meetings of the Board to be held by way of telephone conference. The number of Board and Board Committee meetings held in FY2020 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	2	2*	1	1
Shao Lifang	2	2*	1*	1*
Henry Tan Song Kok	2	2	1	1*
Cheam Heng Haw, Howard	2	2	1*	1
Tang Qun	2	2	1	1
Tan Chee Bun Gordon [(2)]	0	0	0	0

Attendance by invitation of Board Committees.

Notes:

(1) The number of meetings covers Board and Board Committee meetings held from 1 June 2019 to 31 May 2020.

(2) Mr Tan Chee Bun Gordon was appointed to the Board on 16 September 2020.

Provision 1.6: Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.

The management ("**Management**") plays a pivotal role in providing Board members with complete, adequate and timely information to assist the Board in the fulfilment of its responsibilities for the long-term success of the Group.

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 matters to be discussed and deliberated during the meetings and allow them to make informed decisions thereon.

The Management will also inform the Board of all significant events as and when they occur and circulate Board papers and supporting information on significant transactions or corporate actions to facilitate a robust discussion before the transactions are entered into or the corporate actions are taken place. Management personnel, if required, will attend Board and/or Board Committee meetings to address queries from the Directors. The Directors also have unrestricted access to the Management. Requests for the Company's information by the Board are dealt with promptly. As a general rule, notices and Board papers are sent to the Directors as soon as possible in advance of Board meetings, in order for the Directors to be adequately prepared for the meetings.

Provision 1.7: Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.

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, a suitable replacement will attend the meetings. 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.

BOARD COMPOSITION AND GUIDANCE

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

Provision 2.1: An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

As at the date of this report, the Board comprises two (2) Executive Directors, one (1) Non-Executive Non-Independent Chairman and three (3) Independent Directors, namely:

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
Mr Tan Chee Bun Gordon – Executive Director

Information regarding the Directors are set out on pages 8 to 10 of this Annual Report.

As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. The NC assess and review annually the independence of a Director bearing in mind the salient factors as set out under the Code, the Catalist Rules as well as all other relevant circumstances and facts.

Each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the Code. The Directors must also confirm whether they consider themselves independent despite not having any relationship identified in the Code. Based on the confirmation of independence submitted by the Independent Directors, the NC is of the view that Mr Henry Tan Song Kok, Mr Cheam Heng Haw, Howard, and Ms Tang Qun are independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past 3 financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past 3 financial years, and whose remuneration is determined by the RC.

(b) None of the Independent Directors has served on the Board beyond 9 years from the date of first appointment.

(c) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received significant payments or material services aggregated over any financial year in excess of $50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organization which provided or received significant payments or material services aggregated over any financial year in excess of $200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial shareholder of the Company.

Provision 2.2: Independent directors make up a majority of the Board where the Chairman is not independent.

The Board currently comprises six (6) Directors, of whom three (3) are independent, constituting half of the Board. As the Chairman is not an Independent Director, the current Board composition which only makes up of half of the Board of Independent Directors, does not satisfy Provision 2.2 of the Code which requires independent directors to make up a majority of the Board. However, taking into consideration of the following factors, the Board and NC are of the view that the current composition of the Board is consistent with the intent of Principle 2 of the Code:

(i) The Non-Executive Directors, i.e. four (4) out of the six (6) Directors, make up a majority of the Board. This satisfies the requirement of Provision 2.3 of the Code. The current Board composition is also in compliance with Rule 403(3)(c) of the Catalist Rules, which requires the independent directors to make up at least one-third of the Board.

(ii) As Independent Directors make up half of the Board, there is a strong independent element on the Board and no individual or groups of individuals dominate the Board's decision-making process.

(iii) The Board has appointed a Lead Independent Director who plays an additional facilitative role within the Board, and where necessary, he also facilitates communication between the Board and shareholders or other stakeholders of the Company.

(iv) All Board Committees are chaired by Independent Directors.

As such, the Company is of the opinion that the Board has an appropriate level of independence, notwithstanding that Independent Directors only make up half of the Board.

Provision 2.3: Non-executive directors make up a majority of the Board

Four (4) out of six (6) Directors are Non-Executive, and hence, majority of the Board is made up of Non-Executive Directors, which satisfies the requirements of Provision 2.3 of the Code.

Provision 2.4: The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

The current members of the Board and their membership on the Board Committees are as follows: -

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Song Xingyi	Non-Executive and Non-Independent Chairman	–	Member	Member
Shao Lifang	Executive Director	–	–	–
Tan Chee Bun Gordon	Executive Director	–	–	–
Henry Tan Song Kok	Lead Independent Director	Chairman	Member	–
Cheam Heng Haw, Howard	Independent Director	Member	–	Chairman
Tang Qun	Independent Director	Member	Chairman	Member

The composition of the Board is reviewed on an annual basis by the NC and the Board to ensure that it 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.

The Company currently does not have a formal Board Diversity Policy. However, the Company recognises the benefits of having an effective and diverse Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In reviewing the Board composition and succession planning, the NC will consider the benefits of all aspects of diversity, including functional and domain skills, knowledge, experience, cultural and educational background, gender, age, tenure and other relevant aspects of diversity of perspectives appropriate to its business, so as to avoid groupthink, foster constructive debate, and enable the Board to make decisions in the best interests of the Company. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments will be based on merit, in the context of the skills, knowledge, experience and independence which the Board as a whole requires to be effective, having due regard for the benefits of diversity on the Board.

Provision 2.5: Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

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 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 8 to 10 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

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

Provision 3.1: The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

Provision 3.2: The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO

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

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 and sets the agenda for the Board meetings, ensures the quality, quantity and timeliness of the flow of information between the Management, the Board and the shareholders and ensures effective communication with shareholders as well as promotes high standards of corporate governance.

Mr Qian Zimin was appointed as Acting CEO of the Company on 15 August 2018, following the resignation of Mr Qian Zhongcheng on 31 July 2018. His responsibilities include setting the Group's strategy and direction, modeling and setting the Company's culture, values, and behavior; building and leading the senior executive team allocating capital according to the Group's priorities. The Company had, on 24 September 2020, announced that Mr Qian Zimin will be stepping down from his position as Acting CEO with effect from 16 November 2020 while continuing as the Country Manager of Yinda Technology Singapore Pte. Ltd. The Group's operations are managed by their respective local Country Manager. The Company will make the necessary announcement on SGXNet when a suitable candidate for the position of CEO or equivalent has been appointed.

The Board is of the view that with the current executive management team and the establishment of the three (3) Board Committees, as well as having Independent Directors making up the majority of the Board, 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.

Provision 3.3: The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

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 ("**CFO**") 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, Non-Independent Chairman after such meetings as deemed appropriate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for the progressive renewal of the Board.

Provision 4.1: The Board establishes a NC to make recommendations to the Board on relevant matters relating to:

(a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors;

(c) the review of training and professional development programmes for the Board and its directors; and

(d) the appointment and re-appointment of directors (including alternate directors, if any).

Provision 4.2: The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.

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 of three (3) members, majority of whom, including the NC Chairman, are Independent Directors. The Lead Independent Director, Mr Henry Tan Song Kok, is also a member of the NC.

Ms Tang Qun*	-	Chairman
Mr Henry Tan Song Kok*	-	Member
Mdm Song Xingyi	-	Member

**Independent Director*

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;

(c) determining the composition of the Board, taking into account the future requirements of the Company, as well as the need for directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group, and other considerations such as those set out in the Code;

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

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

(f) 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;

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

(h) developing a process for evaluating the performance of the Board, its committees and the 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.

Provision 4.3: The Company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.

The Company does not have a formal selection criteria for the appointment of new Directors to the Board. When an existing Director chooses to retire or 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, the NC, in consultation with the Board, will determine the selection criteria and will identify 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. The NC will interview the shortlisted candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his/her responsibilities, effective decision making track record, relevant experience and financial expertise. The NC then nominates the most suitable candidate to the Board for approval.

Pursuant to the Constitution of the Company and Rule 720(4) of the Catalist Rules, each Director is required to retire at least once every three (3) years by rotation. 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).

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 other 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	26 September 2019	–	–	Deemed to be interested in 29.23% of the shares held by Yinda Pte Ltd, controlling shareholder of the Company.
Shao Lifang	Executive Director	1 November 2018	26 September 2019	–	–	–
Tan Chee Bun Gordon	Executive Director	16 September 2020	–	–	–	–
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 Asia Vets Holdings 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	–	–	–
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 (3) 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.

At the forthcoming AGM, the following Directors who will be subject to retirement in accordance with Regulations 104 and 114 of the Company's Constitution are as follows:

(1) Mr Henry Tan Song Kok
(2) Mr Cheam Heng Haw, Howard
(3) Tan Chee Bun Gordon

Mr Henry Tan Song Kok, who is due for retirement by rotation in accordance with Regulation 104 of the Company's Constitution will not be seeking re-election at the forthcoming AGM. Subsequent to the conclusion of the forthcoming AGM, Mr Henry Tan Song Kok will cease to be the Lead Independent Director, Chairman of the AC and member of the NC of the Company.

Mr Aw Eng Hai, will be appointed as Independent Director, Chairman of the AC and member of the NC of the Company at the forthcoming AGM in accordance with Regulation 106(2) of the Company's Constitution. Further information on Mr Aw Eng Hai can be found on pages 35 to 41 of this Annual Report.

Mr Cheam Heng Haw, Howard being eligible had offered himself for re-election as Director. The NC having reviewed the contribution and performance of Mr Cheam Heng Haw, Howard, has recommended the re-election of Mr Cheam Heng Haw, Howard at the forthcoming AGM. The Board has concurred with the NC's recommendation and Mr Cheam Heng Haw, Howard will be up for re-election at the forthcoming AGM. Subsequent to the conclusion at the forthcoming AGM, Mr. Cheam Heng Haw, Howard will be appointed as Lead Independent Director of the Company. Key information of the retiring Director can be found on pages 35 to 41 of this Annual Report.

Mr Tan Chee Bun Gordon was appointed as an Executive Director of the Company on 16 September 2020. Pursuant to Regulation 114 of the Company's Constitution, Mr Tan Chee Bun Gordon will retire and submit himself for re-election at the forthcoming AGM. The Board has concurred with the NC's recommendation and Mr Tan Chee Bun Gordon will be up for re-election at the forthcoming AGM. Key information of the retiring Director can be found on pages 35 to 41 of this Annual Report.

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, Mr Cheam Heng Haw, Howard has abstained from deliberating and recommending on his own re-election.

Provision 4.4: The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.

As mentioned under Principle 2 above, the NC determines, on an annual basis, the independence of Directors. Each Independent Director is required to complete a checklist annually to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company.

For FY2020, the NC has assessed and affirmed that the Independent Directors are independent (within the meaning of the Code and the Catalist Rules).

Provision 4.5: The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.

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/her 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 (4) directorships in listed companies concurrently.

The Board provides for appointment of alternate 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 alternate directors, taking into account, amongst others, his qualifications and competencies. There is currently no alternate Director on the Board.

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 8 to 10, 20 and 42 to 44 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

BOARD PERFORMANCE

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

Provision 5.1: The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.

Provision 5.2: The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.

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.

The NC is responsible for assessing the effectiveness of the Board as a whole and the Board Committees, and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. The NC has established a review process and has proposed objective performance criterias 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 as well as the effectiveness of the respective Board Committees. The NC also assesses the Board and Board Committee'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 FY2020.

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, with the aim of assisting the Board to discharge its duties more effectively. Following the review of the assessment checklists of the Board and each Director for FY2020, both the NC and the Board are of the view that the performance of the Board as a whole and the respective Board Committees are 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.

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.

REMUNERATION MATTERS

PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1: The Board establishes a RC to review and make recommendations to the Board on:

(a) a framework of remuneration for the Board and key management personnel; and

(b) the specific remuneration packages for each director as well as for the key management personnel.

Provision 6.2: The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

The RC consists of three (3) members, all of whom are Non-Executive Directors and majority of whom, including the RC Chairman, are Independent Directors:

Mr Cheam Heng Haw, Howard*	-	Chairman
Ms Tang Qun*	-	Member
Mdm Song Xingyi	-	Member

*Independent Director

The RC will meet at least once a year. The RC carries out its duties in accordance with a set of terms of reference which includes 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 Executive Director and key management personnel. 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 key management personnel, 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 key management personnel and to align the interests of the Directors and Executive Officers with the long-term interests of the Company.

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The RC considers all aspects of remuneration, including but not limited to, Directors' fees, salaries, allowances, bonuses, options, share-based incentives, awards and benefits-in-kind in the review of remuneration packages for the Directors and the key management personnel with an aim to be fair and to avoid rewarding poor performance, before making any recommendation to the Board. The RC also reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Director and key management personnel. 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.

As part of its review, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared to industry benchmarks and other comparable companies. This is also to ensure that the compensation is suitable to attract, retain and motivate Directors and key management personnel to successfully manage the Group in the long-term success.

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.

Provision 6.4: The Company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2020.

LEVEL AND MIX OF REMUNERATION

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

Provision 7.1: A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.

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

Provision 7.2: The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The fees of the Independent and Non-Executive Directors are determined by the Board according to the level of contribution, and taking into account factors such as the effort and time spent, and their respective responsibilities. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. Payments of Directors' fees are subject to shareholders' approval at each AGM. Except as disclosed, the Independent and Non-Executive Directors do not receive any other remuneration from the Company. They do not have any service agreements with the Company.

Provision 7.3: Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.

The review of the remuneration of the Executive Directors and key management personnel takes into consideration the performance and the contributions of the officer to the Company and gives due regard to the financial and business performance of the Group. The Group seeks to offer a competitive level of remuneration to attract, motivate and retain senior management of the required competency to run the Group successfully. The Company has entered into an employment contract with Ms Shao Lifang and Mr Tan Chee Bun Gordon, the Executive Directors of the Company, that is valid unless terminated by mutual agreement. The notice period of the said employment contracts are two (2) months and three (3) months respectively. Currently, contractual provisions are not used that would allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel. In exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group, the Company believes that there are alternative legal avenues that will enable the Company to recover financial losses arising from such exceptional events from the Executive Director and key management personnel. The RC would review such contractual provisions as and when necessary. The RC aims to be fair and avoid rewarding poor performance.

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.

DISCLOUSURE OF REMUNERATION

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

Provision 8.1: The Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel.

The Board is of the view that full disclosure of the specific remuneration of each individual Director and Acting CEO is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group. Regarding the Code's recommendation to fully disclose the remuneration amount and breakdown of each individual Director and Acting CEO, the Company believes that disclosing their remuneration in the bands of $250,000 provides a sufficient overview of the Directors' and Acting CEO's remuneration.

The level and mix of remuneration paid or payable to the Directors and key management personnel for FY2020 are set out as follows:

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Directors and Acting CEO					
Below $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 Zimin (3)	100.0	–	–	–	100.0

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee %	Other Benefits %	Total %
Key Management Personnel (4)					
Below $250,000					
Frederick Lau	100.0	–	–	–	100.0
Chong Kong Yew (5)	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 Zimin was appointed as Acting CEO with effect from 15 August 2018.

(4) The Company has only two key management personnel (who are not Directors or CEO) in FY2020.

(5) Mr Chong Kong Yew has resigned as Deputy Chief Marketing Officer on 27 July 2020.

The aggregate remuneration paid to the above key management personnel of the Group (excluding the Executive Director and the Acting CEO) in FY2020 amounted to $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.

Provision 8.2: The Company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.

There were no employees of the Company or its subsidiaries who were immediate family members of any Director or the Acting CEO and whose remuneration exceeded $100,000 during FY2020.

Provision 8.3: The Company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.

Please refer to the table disclosing the breakdown of all forms of remuneration and other payments and benefits of Directors and key management personnel in Provision 8.1. The Company does not have any employee share schemes in effect for FY2020.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Provision 9.1: The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.

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 Board, assisted by the AC, reviews annually and ensures that a sound system of risk management and internal controls is maintained by the Group to safeguard shareholders' interests and the Group's assets and determines the nature and extent of the significant risks which the Group is willing to take in achieving its strategic objectives. 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, with the assistance of the AC, 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 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 independent auditors, during the conduct of their normal audit procedures, will also report on matters relating to internal controls. Any material non-compliance and recommendation for improvement will be reported to the AC.

Provision 9.2: The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

The Board has received assurance from Ms Shao Lifang, the Executive Director, Mr Qian Zimin, the Acting CEO and Mr Lau Si Kah Frederick, the Deputy CFO (a) that the financial records have been properly maintained and the financial statements for FY2020 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 satisfactory and needs improvement.

Based on the internal controls established and maintained by the Group, work performed by the internal and independent auditors, reviews performed by the Management and various Board Committees and the assurance received, the Board concurred with the AC that the Group's risk management and internal controls systems in addressing the financial, operational, compliance and information technology controls and risk management for FY2020 are satisfactory with room for improvement.

The Board was of the opinion that the Group's risk management and internal controls systems 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.

More details on the Group's risk management is set out on pages 96 to 104 of this Annual Report.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 The duties of the AC include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;

(c) reviewing the assurance from the Acting CEO and the Deputy CFO on the financial records and financial statements;

(d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of independent auditors; and (ii) the remuneration and terms of engagement of the independent auditors;

(e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and

(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

Provision 10.2: The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3: The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC currently comprises three (3) members, including the AC Chairman, all of whom are Non-Executive and Independent Directors:

Mr Henry Tan Song Kok	-	Chairman
Ms Tang Qun	-	Member
Mr Cheam Heng Haw, Howard	-	Member

No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions. The Board is of the view that the AC members are appropriately qualified and have sufficient accounting and/or related financial management expertise and experience to discharge the AC's responsibilities.

The AC meets on a half-yearly basis. The written terms of reference of the AC have been approved and adopted. The main duties and powers of the AC include, *amongst others,*:

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

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

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

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

(g) reviewing 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 independent auditors, and approving the remuneration and terms of engagement of the independent 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 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.

There were no whistle-blowing reports received during FY2020.

In the selection of suitable audit firms, the AC takes into account several considerations such as the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the audit. The selected auditing firm based in Singapore is engaged as auditors for the Company as well as Singapore-incorporated subsidiary corporations of the Company. The Group's significant subsidiary corporations are audited by the same auditing firm for the Company. Accordingly, the Company is in compliance with Rules 712 and 715 of the Catalist Rules.

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

The AC considered the report from the independent auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with the Management and independent auditors have been included as key audit matter ("**KAMs**") in the independent auditors' report for the financial year ended 31 May 2020 on pages 45 to 50 of this Report. In assessing each KAM, the AC considered the approach and methodology applied in the revenue recognition and impairment assessment of trade renewalable, contract assets and investment in subsidiaries 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.

Significant matters	How does the Audit Committee address the matter
Revenue recognition	The Audit Committee had reviewed Management's approach as well as the judgement and estimation applied in assessing the stage of completion for on-going project at the end of the reporting period. The Audit Committee was satisfied that the Management's approach was appropriate. The independent auditor has included this item as a key audit matter in the audit report for FY2020. Please refer to pages 45 to 46 of this Annual Report.
Impairment assessment of trade receivables and contract assets	The Audit Committee had reviewed Management's approach and judgement in assessing collectibility of trade receivables and contract assets, which includes estimates the expected credit loss rate for each catergory of past due status of the debtors based on credit loss experience. The Audit Committee was satisfied that the approach was appropriate and provision was adequate. The independent auditor has included this item as a key audit matter in the audit report for FY2020. Please refer to pages 46 to 47 of this Annual Report.
Impairment of investments in subsidiaries	The Audit Committee had considered the methodology, estimates and assumptions used in assessing the impairment of investments in subsidiaries, which includes a review of discounted cash flow projection to determine the value-in-use. The Audit Committee was satisfied that Management's methodology was reasonable and the impairment was adequate. The independent auditor has included this item as a key audit matter in the audit report for FY2020. Please refer to pages 47 to 48 of this Annual Report.

The fees paid by the Company to the independent auditors in FY2020 for audit and non-audit services amounted to $75,000 and $NIL, respectively.

The AC is satisfied with the independence and objectivity of the Company's independent auditors, Baker Tilly TFW LLP ("**Baker Tilly**") and has recommended to the Board that Baker Tilly be nominated for re-appointment as independent auditors at the forthcoming AGM.

Provision 10.4: The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.

The 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 ("**IA**") 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 AC Chairman and has unfettered access to the Company's documents, records, properties and personnel, including access to the AC. The internal auditors assist 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 IA plan is submitted to the AC for approval prior to the commencement of the IA. 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. Recommendations to address control weaknesses are further reviewed by the internal auditors based on implementation dates agreed with Management.

The Company appointed BDO LLP, an external risk advisory consultancy firm to undertake the IA functions of the Group.

BDO LLP is an international auditing firm and they perform their work based on the BDO Internal Audit Methodology which references to the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors ("**IIA**"). The BDO LLP engagement team comprises four (4) members and is headed by a Risk Advisory Partner who has more than twenty (20) years of experience in audit and advisory services, and is a Chartered Accountant of the Institute of Singapore Chartered Accountants and Certified Internal Auditor of the IIA. Members of the IA team also have relevant academic qualifications and internal audit experience. The AC is hence satisfied that the outsourced IA function is adequately staffed by suitably qualified and experienced professionals based on the IA conducted in FY2020.

For FY2020, the IA work focused on Revenue and Receivables, Procurement and Payments, Capital Expenditure and Fixed Asset Management. Material matters highlighted by the internal auditors have been resolved for FY2020.

The AC has reviewed the effectiveness of the IA function and is satisfied that the internal auditors are independent and adequately resourced to perform its function effectively and has the appropriate standing within the industry.

The AC reviews, at least annually, the adequacy and effectiveness of the IA function.

Provision 10.5: The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually

The AC meets with the external and internal auditors without the presence of the Management, at least annually, so that any concern and/or issue can be raised directly and privately.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHT AND CONDUCT OF SHAREHOLDER MEETINGS

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

Provisions 11.1: The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.

The Company recognizes and accepts the principle that all shareholders are treated fairly and equitably and that they have been accorded certain rights under the Companies Act and the Company's Constitution. Information to all shareholders is disclosed in a timely and transparent manner and in compliance with SGX disclosure requirements.

Shareholders are given ample opportunity to attend, participate and vote at the Company's general meetings.

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 reports or circulars sent to all shareholders. The Company encourages shareholders' participation during the general meetings.

Provision 11.2: The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.

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. 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 votes cast for and against each resolution and the respective percentages, after the conclusion of the AGM.

Provision 11.3: All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.

The Board welcomes the view of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. All Directors attend the general meetings of shareholders, and the independent auditors will also be present to assist in addressing queries from shareholders relating to the conduct of audit and the preparation and the content of the auditor's report. All the Directors were present at the general meetings held during FY2020 except Ms Tang who has extended her apologies for absence from the AGM held on 26 September 2019.

Provision 11.4: The Company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

Shareholders (other than a shareholder who is a relevant intermediary) may vote in person or by appointing up to two (2) 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 (2) proxies to attend and vote at the general meetings of the Company. All shareholders have the opportunity to participate effectively in and vote at general meetings.

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. The Company will employ electronic polling if necessary.

Provision 11.5: The Company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management.

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 does not publish minutes of general meetings of shareholders on its corporate website as anticipated by Provision 11.5 as there are potential adverse implications for the Company if the minutes of general meetings are published to the public at large, including risk of disclosure of sensitive information to the Group's competitors. The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

Provision 11.6 of the Code: The Company has a dividend policy and communicates it to shareholders.

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 FY2020 due to the subdued financial position of the Group and the Board wishes to conserve cash for working capital purposes.

ENGAGEMENT WITH SHAREHOLDERS

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

Provision 12.1: The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of 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.

Provision 12.2: The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

Provision 12.3: The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.

The Company does not have an investor relations policy in place. The Group has entrusted an investor relations team comprising the Acting CEO and the Deputy CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns. Accordingly, the Board is of the view that the current communication channels are sufficient and cost-effective.

The Board's policy is that all shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNet on an immediate basis, which is in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. The Company's half-yearly financial results and annual reports are announced on the SGXNet within the stipulated period.

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

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

Provision 13.1: The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.

The Company recognises the importance of close collaboration with its key stakeholders such as employees, investors and media, suppliers and service providers, customers, and etc, in order to achieve sustainable business goals.

The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals. The Group engages with the key stakeholders through various platforms.

Provision 13.2: The Company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.

Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group and key feedback or issues that have been raised though stakeholder engagement can be found in the Sustainability Report 2020, which will be published as a standalone report by October 2020. The Company ensures that all material information relating to the Company and its financial performance is disclosed in a timely manner via SGXNet.

Provision 13.3: The Company maintains a current corporate website to communicate and engage with stakeholders.

The Company also maintains a current corporate website, at https://www.yinda.com.sg, on which financial and other information to be communicated to members of the public are made available.

DEALINGS IN SECURITIES

(Rule 1204(19) of the Catalist Rules)

The Company has adopted policies in line with the requirements of Rule 1204(19) of the Catalist Rules on dealings in the Company's securities.

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

INTERESTED PERSON TRANSACTIONS

(Rule 907 of the Catalist Rules)

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.

During FY2020, the Group has entered into the interested person transactions of $100,000 and more as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Interest expense arising from a working capital loan extended to the Company by Yinda Pte. Ltd., a controlling shareholder of the Company	NIL	NIL
Purchase of materials		
Anhui Diantong Communication Engineerings Co., Ltd	NIL	$148,219

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules)

During the year, the Company has, on 6 December 2019, renewed a loan agreement with Yinda Pte. Ltd. ("**Yinda**"), the controlling shareholder of the Company whereby Yinda has extended a loan totalling $3,456,000 ("**Loan**") to the Group for working capital purposes. The Loan is unsecured and subject to an interest of 3.25% per annum, repayable on a monthly basis. The Loan shall be repayable in full after one (1) year from the dates of the loan agreement or on such dates as may be mutually agreed upon. In view of the current economic environment, Yinda has agreed to waive the full amount of interest amounting to $112,320 in respect of the Loan.

Save as disclosed above, there were no other material contracts entered into by the Group, involving the interests of the Acting CEO, each Director or controlling shareholder, either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

For FY2020, there were no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Cheam Heng Haw, Howard and Mr. Tan Chee Bun Gordon are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 October 2020 ("**AGM**") (collectively, the "**Directors**" and each a "**Director**").

Mr. Aw Eng Hai is proposed to be appointed as Independent Director at the forthcoming AGM.

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Directors as set out in Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	Mr. Cheam Heng Haw, Howard	**Mr. Tan Chee Bun Gordon**	**Mr. Aw Eng Hai**
Date of Appointment	30 September 2017	16 September 2020	29 October 2020
Date of last re-appointment	14 September 2018	–	–
Age	45	54	52
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Cheam Heng Haw, Howard as the Lead Independent Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Tan Chee Bun Gordon as the Executive Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, expertise, past experience and overall contribution since he was appointed as a Director of the Company.	The Nominating Committee has recommended the appointment of Mr. Aw Eng Hai as Independent Director of the Company. The Board of Directors having considered the qualifications, skills and experiences of Mr. Aw Eng Hai, are satisfied that he is suitable for the role as an Independent Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive Mr. Tan is responsible for management of the Group's overall business, financial and corporate matters.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Remuneration Committee and member of the Audit Committee.	Executive Director	Independent Director, Chairman of the Audit Committee and Member of the Nominating Committee.
Professional qualifications	Bachelor of Law, King's College, University of London Member of the Law Society of Singapore	Fellow Chartered Accountant (Singapore) Bachelor of Accountancy in National University of Singapore	Bachelor of Business Administration, National University of Singapore Fellow of the Association of Chartered Certified Accountants (ACCA) Member of the Institute of Singapore Chartered Accountants (ISCA) Fellow of Insolvency Practitioner Association of Singapore (IPAS) Member of Singapore Institute of Directors (SID) Member of INSOL International

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Cheam Heng Haw, Howard	**Mr. Tan Chee Bun Gordon**	**Mr. Aw Eng Hai**
Working experience and occupation(s) during the past 10 years	2004 - Present - Partner in Rajah & Tann Singapore LLP	August 2018 to November 2019 - Chief Financial Officer of Rigel Technology (S) Pte Ltd August 2000 to February 2018 - Chief Financial Officer of Fischer Tech Ltd	2003 to present – Partner in Foo Kon Tan LLP
Shareholding interest in the listed issuer and its subsidiaries	Nil	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	Nil	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments (Including Directorships)			
Past (for the last 5 years)	Directorship Nil. Other Principal Commitments Nil	Directorship Fischer Tech (Thailand) Co., Ltd M-Fischer Tech Sdn Bhd Other Principal Commitments Nil	Directorship Capital World Limited Other Principal Commitments Nil
Present	Directorship (1) R&T Asia (Thailand) Limited (2) R & T Corporate Services Pte. Ltd. (3) RTA Collab Capital Pte. Ltd. Other Principal Commitments Nil	Directorship Nil Other Principal Commitments Nil	Directorship (1) Tritech Group Limited (2) Foo Kon Tan Advisory Services Pte Ltd (3) Foo Kon Tan Transaction Services Pte Ltd Other Principal Commitments Nil

	Mr. Cheam Heng Haw, Howard	Mr. Tan Chee Bun Gordon	Mr. Aw Eng Hai
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	No
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	No
c) Whether there is any unsatisfied judgment against him?	No	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	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Cheam Heng Haw, Howard	Mr. Tan Chee Bun Gordon	Mr. Aw Eng Hai
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	No
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	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	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	No

	Mr. Cheam Heng Haw, Howard	Mr. Tan Chee Bun Gordon	Mr. Aw Eng Hai
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	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	No	No	
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or			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
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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Cheam Heng Haw, Howard	Mr. Tan Chee Bun Gordon	Mr. Aw Eng Hai
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			Yes. On 27 August 2015, Mr. Aw Eng Hai was issued a warning letter by the Monetary Authority of Singapore ("**Authority**") for a breach of Section 133 of the Securities and Futures Act ("**SFA**") in relation to his late notification on 22 April 2014 to Tritech Group Limited ("**Tritech**") following the issuance of bonus warrants to him by Tritech on 31 March 2014. Mr. Aw Eng Hai has been an Independent Director of Tritech from 4 September 2009 to date. Tritech was issued a warning letter ("**Tritech Warning Letter**") by the Authority on 13 February 2017 for a breach of Section 136 of the SFA for Tritech's late notification dated 24 June 2016 to the Company following the completion of the placement of shares in the Company on 21 April 2016, which resulted in a change in percentage of Tritech's shareholding interests in the Company. The Authority has informed Tritech that no further regulatory action will be taken against Tritech in respect of such breach. Neither Mr. Aw Eng Hai nor any of the directors of Tritech were the subject of the Tritech Warning Letter.
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	Please refer to disclosure under paragraph j(iv) above.

	Mr. Cheam Heng Haw, Howard	Mr. Tan Chee Bun Gordon	Mr. Aw Eng Hai
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company?	Not applicable, as this relates to the re-appointment of Mr. Cheam Heng Haw, Howard as a Director of the Company.	Not applicable, as this relates to the re-appointment of Mr. Tan Chee Bun Gordon as a Director of the Company.	Yes, Mr. Aw Eng Hai is currently a director of Tritech Group Limited.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Yinda Infocomm Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2020.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 51 to 110 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 May 2020 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3 to the financial statements, 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 in office at the date of this statement are:

Song Xingyi
Shao Lifang
Tan Chee Bun Gordon (Appointed on 16 September 2020)
Henry Tan Song Kok
Cheam Heng Haw, Howard
Tang Qun

Arrangement to enable directors to acquire benefits

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 in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Number of ordinary shares					
	Direct interest			Deemed interest		
Name of directors	At 1.6.2019	At 31.5.2020	At 21.6.2020	At 1.6.2019	At 31.5.2020	At 21.6.2020
The Company						
Song Xingyi	–	–	–	120,437,180	120,437,180	120,437,180

Directors' interest in shares or debentures (cont'd)

Yinda Pte. Ltd. (immediate holding company) 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") (68%) and Song Xingyi (32%). Shanghai Yinda Group is in turn held by Song Xingyi (52%), Wang Hua (34%) and Wang Zhijun (14%). Song Xingyi is the spouse of Wang Zhijun and mother of Wang Hua. On 31 May 2020, the director, Song Xingyi is deemed to have an interest in 120,437,180 shares held by Yinda Pte. Ltd. in the Company and all the subsidiaries to the extent of the equity interest that is held directly or indirectly by the Company by virtue of Section 7 of the Act. On 14 August 2020, Yinda Pte. Ltd. had sold 76,000,000 ordinary shares of the Company.

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

Share options

No options to take up unissued shares of the Company or its subsidiary corporations were granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

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

Audit Committee

The Audit Committee comprises three members, all of whom are independent directors. The members of the Audit Committee during the financial year and at the date of this statement are:

Henry Tan Song Kok
Cheam Heng Haw, Howard
Tang Qun

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Limited ("SGX") Listing Manual and the Code of Corporate Governance. Their functions are detailed in the Report on Corporate Governance in the Annual Report 2020.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- Reviewed the audit plans of the internal and independent 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's and the Company's management to the independent 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;

Audit Committee (cont'd)

The Audit Committee also reviewed the following (cont'd):

- Reviewed effectiveness of the Group's 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 independent auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

- 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 independent auditor;

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

- Recommended to the Board of Directors the independent auditor to be nominated, approved the compensation of the independent auditor, and reviewed the scope and results of the audit;

- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and

- 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 Audit Committee, having reviewed all non-audit services provided by the independent auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditor. The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board of Directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Song Xingyi
Director

Henry Tan Song Kok
Director

12 October 2020

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Yinda Infocomm Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 51 to 110, which comprise the statements of financial position of the Group and the Company as at 31 May 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and 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)") 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 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the 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.

1. *Revenue recognition*

   As disclosed in Note 4 to the financial statements, the Group recognised revenue from rendering of services of $11,114,000 (2019: $17,525,000) during the financial year ended 31 May 2020. Revenue from rendering of services is recognised over time 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 as disclosed in Notes 2(d) and 3 to the financial statements. 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.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

1. *Revenue recognition (cont'd)*

Revenue recognition is considered a key audit matter due to the significance of revenue to the financial statements and due to management judgement and estimation applied in assessing the stage of completion for on-going projects at the end of the reporting period. This required significant audit attention during the audit.

Our procedures to address the key audit matter:

With the involvement of our component auditors, we performed the following audit procedures to address the revenue recognition:

- Obtained an understanding of the Group's accounting policies on revenue recognition and evaluated appropriateness of those revenue recognition policies in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*.

- Evaluated the Group's procedures and processes for recognising 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.

- Obtained an understanding of management's use of estimates and judgement in determination of measure of progress for revenue recognition.

- Reviewed the contractual terms and work status of the customer contracts on a sample basis and discussed the status of the on-going projects with the project managers, and verified that revenue is recognised according to the stage of completion of each performance obligation based on site progress reports, correspondences with customer, milestone acceptance by customer and evidence of work status.

- Evaluated the adequacy and appropriateness of the disclosures related to significant accounting policies for revenue from contracts with customers, judgement and methods used in estimating revenue, contract assets and contract liabilities, and transaction price allocated to remaining performance obligations made in the financial statements.

2. *Impairment assessment of trade receivables and contract assets*

As disclosed in Notes 19 and 17 to the financial statements, the Group has trade receivables and contract assets amounting to $2,826,000 and $6,288,000 respectively as at 31 May 2020, which represented 23.25% and 51.73% of the Group's current assets. During the current financial year, the Group recognised allowance for expected credit losses ("ECL") of trade receivables and contract assets of $625,000 in the Group's profit or loss.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

2. *Impairment assessment of trade receivables and contract assets (cont'd)*

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect current conditions and forecasts of future economic conditions as well as the implications of the COVID-19 pandemic on the assumptions. Full allowance for ECL is made for debtors regarded as credit-impaired where one or more credit impairment events have occurred.

The measurement of allowance for ECL of trade receivables and contract assets is considered a key audit matter as it requires management to exercise judgement and make assumptions with respect to past events, current conditions and forecasts of future economic conditions as disclosed in Note 3 and 30 to the financial statements.

Our procedures to address the key audit matter:

We have obtained an understanding and evaluated the Group's processes and ECL assessment for trade receivables and contract assets. We also assessed the reasonableness of management's judgement, assumptions and inputs used in the ECL model by comparing to historical credit loss rates, and reviewed data and information that management has used, including consideration of forward-looking information as well as the implications of the COVID-19 pandemic on the assumptions.

Our audit procedures also include checking the arithmetic accuracy of management's computation of ECL, reviewing the debtor ageing analysis and checking to subsequent receipts from major long outstanding debtors. We obtained documentary evidence, representation and explanations from management to assess the recoverability of long outstanding debts, where applicable. In addition, we have evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

3. *Impairment of investments in subsidiaries*

As disclosed in Note 14 to the financial statements, the carrying amount of the Company's investment in subsidiary companies as at 31 May 2020 is $2,336,000 (31.5.2019: $6,125,000) after deducting accumulated impairment losses of $8,785,000 (31.5.2019: $4,996,000). Management performed an impairment assessment on the investments in subsidiaries based on the discounted cash flow projections to determine the value-in-use. The value in use calculations involve management's assessment of future cash flow projections of the business, and the appropriate discount rates applied to the future cash flow projections. An impairment loss of $3,789,000 (2019: Nil) was recognised in the Company's profit or loss for the financial year ended 31 May 2020.

Impairment of investments in subsidiaries is considered a key audit matter due to the significance of the investment to the Company's statement of financial position as well as the significant estimates and assumptions involved in management's assessment of the value in use.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

3. *Impairment of investments in subsidiaries (cont'd)*

   Our procedures to address the key audit matter:

   We have obtained management's assessment for impairment of investments, and reviewed for compliance with the provision of SFRS(I) 1-36 *Impairment of Assets*.

   Our procedures included reviewing management's assessment of the existence of impairment indicators. For investments where there are indications, we assessed the key inputs and assumptions applied by management in their impairment assessments with a focus on forecast revenue, gross profit margin and appropriateness of discount rate. We also compared current year actual results to prior year forecast where relevant, to assess the reasonableness of the estimates made. We assessed the sensitivity of the key estimates on the impairment assessment, based on reasonably possible changes in the key estimates. We involved our valuation specialists in assessing the reasonableness of the discount rate used.

   We have also evaluated the adequacy and appropriateness of the disclosures made in the financial statements.

Other Matter

The consolidated financial statements of 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 were audited by another firm of auditors whose report dated 6 September 2019 expressed an unmodified opinion on those financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020 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.

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on the Audit of the Financial Statements (cont'd)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 Lim Kok Heng.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

12 October 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 May 2020

	Note	Group 2020 $'000	(Restated) 2019 $'000
Revenue	4	**11,511**	17,905
Other income	5	**274**	194
Expenses			
Changes in inventories, materials consumed and sub-contractor costs		**(3,784)**	(6,375)
Staff costs			
- Project related	6	**(4,653)**	(5,276)
- Administrative	6	**(2,128)**	(2,367)
Net impairment losses of trade receivables and contract assets		**(625)**	32
Depreciation and amortisation expenses		**(862)**	(494)
Legal and professional expenses		**(429)**	(515)
Other expenses	7	**(2,017)**	(2,403)
Finance costs	8	**(156)**	(133)
(Loss)/profit before tax	9	**(2,869)**	568
Income tax expense	10	**(287)**	(34)
(Loss)/profit for the year		**(3,156)**	534
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences arising on consolidation		**(133)**	56
Item that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on measurement of post-employment benefit plan, net of tax		**(3)**	7
Other comprehensive (loss)/income for the year, net of tax		**(136)**	63
Total comprehensive (loss)/income for the year		**(3,292)**	597
(Loss)/profit for the year attributable to:			
Equity holders of the Company		**(3,156)**	534
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		**(3,292)**	597
(Losses)/earnings per share for (loss)/profit for the year attributable to equity holders of the Company			
Basic and diluted (cents per share)	11	**(2.08)**	0.35

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

STATEMENTS OF FINANCIAL POSITION

As at 31 May 2020

		Group			Company	
			(Restated)	(Restated)		
	Note	**31.5.2020**	31.5.2019	1.6.2018	**31.5.2020**	31.5.2019
		$'000	$'000	$'000	**$'000**	$'000
ASSETS						
Non-current assets						
Property, plant and equipment	12	**1,236**	1,031	923	**1**	1
Intangible assets	13	**49**	95	138	**–**	–
Investments in subsidiaries	14	**–**	–	–	**2,336**	6,125
Deferred tax assets	15	**–**	167	142	**–**	–
Deposits		**115**	43	86	**–**	–
Total non-current assets		**1,400**	1,336	1,289	**2,337**	6,126
Current assets						
Inventories	16	**1,088**	1,214	1,195	**–**	–
Contract assets	17	**6,288**	6,482	2,085	**–**	–
Amounts due from subsidiaries	18	**–**	–	–	**4,530**	5,136
Trade and other receivables	19	**4,354**	6,176	7,539	**27**	46
Cash and cash equivalents	20	**426**	349	672	**91**	43
Total current assets		**12,156**	14,221	11,491	**4,648**	5,225
Total assets		**13,556**	15,557	12,780	**6,985**	11,351
EQUITY AND LIABILITIES						
Equity						
Share capital	21	**14,542**	14,542	14,542	**14,542**	14,542
Other reserves	22	**(8,468)**	(8,335)	(8,391)	**–**	–
Accumulated losses		**(5,665)**	(2,506)	(3,047)	**(13,218)**	(8,087)
Total equity		**409**	3,701	3,104	**1,324**	6,455
Non-current liabilities						
Borrowings	23	**–**	320	180	**–**	–
Lease liabilities	24	**262**	–	–	**–**	–
Employee benefit liabilities	25	**272**	204	134	**–**	–
Deferred tax liabilities	15	**220**	–	–	**–**	–
Total non-current liabilities		**754**	524	314	**–**	–
Current liabilities						
Contract liabilities	17	**779**	673	603	**–**	–
Trade and other payables	26	**5,039**	4,736	7,221	**706**	647
Amounts due to subsidiaries	18	**–**	–	–	**165**	49
Borrowings	23	**5,485**	5,531	1,175	**4,790**	4,200
Lease liabilities	24	**567**	–	–	**–**	–
Tax payable		**523**	392	363	**–**	–
Total current liabilities		**12,393**	11,332	9,362	**5,661**	4,896
Total liabilities		**13,147**	11,856	9,676	**5,661**	4,896
Total equity and liabilities		**13,556**	15,557	12,780	**6,985**	11,351

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2020

	Attributable to equity holders of the Company			
	Share capital $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
Group				
Balance at 1.6.2018				
- As previously reported	14,542	(8,391)	(4,254)	1,897
- Prior year adjustments (Note 34)	–	–	1,207	1,207
Balance at 1.6.2018 (restated)	14,542	(8,391)	(3,047)	3,104
Profit for the year	–	–	534	534
Other comprehensive income:				
Currency translation differences arising on consolidation	–	56	–	56
Actuarial gain on measurement of post-employment benefit plan, net of tax	–	–	7	7
Total comprehensive income for the year	–	56	541	597
Balance at 31.5.2019 (restated)	14,542	(8,335)	(2,506)	3,701
Balance at 1.6.2019				
- As previously reported	14,542	(8,335)	(3,500)	2,707
- Prior year adjustments (Note 34)	–	–	994	994
Balance at 1.6.2019 (restated)	14,542	(8,335)	(2,506)	3,701
Loss for the year	–	–	(3,156)	(3,156)
Other comprehensive loss:				
Currency translation differences arising on consolidation	–	(133)	–	(133)
Actuarial loss on measurement of post-employment benefit plan, net of tax	–	–	(3)	(3)
Total comprehensive loss for the year	–	(133)	(3,159)	(3,292)
Balance at 31.5.2020	**14,542**	**(8,468)**	**(5,665)**	**409**

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 May 2020

	Share capital $'000	Accumulated losses $'000	Total equity $'000
Company			
Balance at 1.6.2018	14,542	(8,082)	6,460
Loss and total comprehensive loss for the year	–	(5)	(5)
Balance at 31.5.2019	14,542	(8,087)	6,455
Loss and total comprehensive loss for the year	–	(5,131)	(5,131)
Balance at 31.5.2020	**14,542**	**(13,218)**	**1,324**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2020

	Group	
		(Restated)
	2020	2019
	$'000	$'000
Cash flows from operating activities		
(Loss)/profit before tax	**(2,869)**	568
Adjustments for:		
Depreciation and amortisation	**862**	494
Allowance for expected credit loss of trade receivables and contract assets	**625**	64
Write-back of allowance for expected credit loss of trade receivables	**–**	(96)
Loss on disposal of property, plant and equipment	**3**	–
Loss on foreign exchange	**62**	55
Defined benefits plans	**57**	73
Interest expenses	**156**	133
Interest income	**(2)**	(1)
Operating cash flows before movements in working capital	**(1,106)**	1,290
Changes in working capital:		
Inventories	**126**	(19)
Contract assets	**(162)**	(4,397)
Trade and other receivables	**1,481**	1,450
Contract liabilities	**106**	70
Trade and other payables	**346**	133
Cash generated from/(used in) operations	**791**	(1,473)
Interest received	**2**	1
Interest paid	**–**	5
Income tax paid	**(34)**	(32)
Net cash generated from/(used in) operating activities	**759**	(1,499)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 12(c))	**(134)**	(335)
Withdrawal of deposits pledged with bank	**–**	85
Proceeds from disposal of property, plant and equipment	**8**	–
Increase in amounts due from related companies	**–**	(13)
Net cash used in investing activities	**(126)**	(263)
Cash flows from financing activities		
Proceeds from borrowings	**1,181**	489
Proceeds from shareholder's loan	**560**	1,992
Repayment of shareholder's loan	**–**	(1,500)
Repayment of lease liabilities	**(456)**	(80)
Repayment of borrowings	**(1,089)**	(108)
Decrease in amounts due to related parties	**(5)**	(7)
Proceeds from factoring	**3,989**	782
Repayment of factoring	**(4,669)**	–
Interest paid	**(63)**	(30)
Net cash (used in)/generated from financing activities	**(552)**	1,538

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 May 2020

	Group	
	2020	(Restated) 2019
	$'000	$'000
Net increase/(decrease) in cash and cash equivalents	**81**	(224)
Cash and cash equivalents at beginning of financial year	**249**	487
Effect of exchange rate fluctuations on cash and cash equivalents	**(4)**	(14)
Cash and cash equivalents at end of financial year (Note 20)	**326**	249

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

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

1 Corporate information

Yinda Infocomm Limited (the "Company") (Co. Reg. No. 201506891C) 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 address of the registered office and principal place of business of the Company is at Block 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874.

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. On 14 August 2020, Yinda Pte. Ltd. had sold 76,000,000 ordinary shares representing 50.00% of the issued and paid-up share capital of the Company. Accordingly, Yinda Pte. Ltd. ceased as the Company's immediate holding company.

Related parties in the financial statements are subsidiaries and associates of Shanghai Yinda Technology Group Co Ltd.

The principal activity of the Company is that of investment holding. The principal activities of the significant subsidiaries are disclosed in Note 14.

2 Summary of significant accounting policies

a) 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 are expressed in Singapore dollar ("$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ("$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

Use of estimates and judgements (cont'd)

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

SFRS(I) 16 *Leases*

When the Group and the Company are the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short-term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 June 2019. The Group's weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 June 2019 was 5.00% per annum.

	Group 2020 $'000
Operating lease commitments disclosed as at 31 May 2019 (Note 28)	810
Less: discounted using the weighted average lessee's incremental borrowing rate	(25)
Less: contracts re-assessed as service agreements	(143)
Less: short-term leases recognised on a straight-line basis as an expense	(53)
Less: adjustments relating to changes in lease payments	(17)
Add: finance lease liabilities recognised as at 31 May 2019	380
Add: adjustments as a result of a different treatment of extension or termination options	165
Add: Effect of changes in foreign exchange rates	3
Lease liabilities recognised as at 1 June 2019	1,120

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 *Leases (cont'd)*

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:
- account for operating leases with a remaining lease term of less than 12 months as at 1 June 2019 as short-term leases;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- account for any lease and associated non-lease component as a single arrangement.

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of SFRS(I) 16, right-of-use asset and lease liability of $744,000 and $740,000 respectively were recognised on the consolidated statement of financial position on 1 June 2019. The effects of adoption of SFRS(I) 16 on the Group's financial statements on 1 June 2019 are summarised as follows:

	Increase/ (decrease) Group 2020 $'000
Property, plant and equipment	744
Borrowings	(380)
Lease liabilities	1,120

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 May 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

2 Summary of significant accounting policies (cont'd)

b) Basis of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Contingent consideration transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (other than measurement period adjustment) are recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Revenue recognition

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

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

Revenue from rendering of services

The Group is in the business of:
- Provision of full turnkey services from planning and designing to construction and implementation of customer's outdoor and indoor mobile network infrastructure.
- Provision of telecommunication implementation work for the installation and commissioning of radio base transceiver stations.

2 Summary of significant accounting policies (cont'd)

d) Revenue recognition (cont'd)

Revenue from rendering of services (cont'd)

The Group principally operates fixed price contracts. Revenue is recognised over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the output method reflects the over-time transfer of control to customers as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The Group recognises revenue over time from contracts by reference to the stage of completion method of each individual contract at the end of each reporting period, when the outcome of the contract can be estimated reliably. The stage of completion is measured by reference to assessment of actual work completed to-date based on internal survey of performance completed to-date or milestones reached and customer's acknowledgement of work completed.

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 related costs are recognised in profit or loss when they are incurred, unless they relate to future performance obligations.

Payments are due from customers based on the agreed billing milestone stipulated in the contracts or based on the amount certified by the customers.

A contract asset is recognised when the Group has performed under the contract but has not 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.

The period between the transfer of the promised service and advance payment by the customer may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the performing entity from the customers' failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Maintenance services

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

Maintenance revenue is recognised at point in time when the services are performed.

Interest income

Interest income is recognised using the effective interest method.

2 Summary of significant accounting policies (cont'd)

e) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Alternatively, the grant may be presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

f) Employee benefits

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefits plans

Philippines

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

The liability recognised 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 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 recognised 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 consolidated statement of profit or loss and other comprehensive income.

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

2 Summary of significant accounting policies (cont'd)

f) Employee benefits (cont'd)

Defined benefits 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 financial 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.

Employee leave entitlement

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

g) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

h) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the Company's functional currency.

2 Summary of significant accounting policies (cont'd)

h) Foreign currencies (cont'd)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

i) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

2 Summary of significant accounting policies (cont'd)

i) Income taxes (cont'd)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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 currently enacted or substantively enacted tax rates at the end of the reporting period.

j) Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

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

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to allocate the cost of all property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Tools and testing equipment	5
Computer equipment	3 - 5
Office equipment	3 - 5
Motor vehicles	4
Leasehold properties	2 - 5
Renovation	5

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

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

2 Summary of significant accounting policies (cont'd)

k) Leases

The accounting policy for leases before 1 June 2019 are as follows:

When a Group entity is the lessee

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

The accounting policy for leases after 1 June 2019 are as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

2 Summary of significant accounting policies (cont'd)

k) Leases (cont'd)

The accounting policy for leases after 1 June 2019 are as follows (cont'd):

When a Group entity is the lessee (cont'd)

Lease liabilities (cont'd)

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

2 Summary of significant accounting policies (cont'd)

k) Leases (cont'd)

The accounting policy for leases after 1 June 2019 are as follows (cont'd):

When a Group entity is the lessee (cont'd)

Right-of-use assets (cont'd)

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(m).

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to all its leases.

l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. 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 treated as changes in accounting estimates. Amortisation for intangible assets with finite lives is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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 10 years.

m) Impairment of non-financial assets

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2 Summary of significant accounting policies (cont'd)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

o) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost.

The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments, creditable withholding tax and input value added tax and advance payment to suppliers) and amounts due from subsidiaries. The Group's debt instruments are measured at amortised cost.

2 Summary of significant accounting policies (cont'd)

o) Financial assets (cont'd)

Classification and measurement (cont'd)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. 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 impairment methodology applied depends on whether there has been a significant increase in credit risk. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise 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 as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

p) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged fixed deposits.

2 Summary of significant accounting policies (cont'd)

q) Financial liabilities

Financial liabilities include trade and other payables (excluding indirect tax payable and deferred grant income), borrowings and lease liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

r) Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

s) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2 Summary of significant accounting policies (cont'd)

t) Share capital

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.

u) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements:

Going concern assumption

During the financial year ended 31 May 2020, the Group and the Company incurred a net loss of $3.16 million and $5.13 million respectively. As at 31 May 2020, the Group's and the Company's current liabilities exceeded the current assets by $237,000 and $1,013,000 respectively. In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environment and has impacted the Group's operations in Singapore, Philippines and Thailand as well as its financial performance, cash flows and liquidity in the last quarter of 2020 and also subsequent to the financial year end as disclosed in Note 35. Furthermore, due to the mismatch in timing of payments to suppliers and employees and the collection of trade receivables and contract assets, the Group and the Company have historically been obtaining shareholders' loans and advances to meet their working capital needs.

The financial statements have been prepared on a going concern basis as the intermediate holding company has given an undertaking to provide continuous financial support to enable the Group and the Company to pay their debts as and when they fall due. The directors are satisfied that the financial support will be available when required. In addition, the Company entered into the subscription agreements for the issue and allotment of 76 million new ordinary shares in the capital of the Company at an issue price of $0.05 per new ordinary share for an aggregate cash consideration of approximately $3.80 million on 29 September 2020 as disclosed in Note 36.

After considering the measures described above, the directors and management believe that the Group and the Company have adequate resources to continue their operations as going concerns.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Revenue recognition from rendering of services

The Group principally operates fixed price contracts. Revenue is recognised over time by measuring the progress towards complete satisfaction of performance obligations. The Group has determined that the output method reflects the over-time transfer of control to customers as disclosed in Note 2(d).

The Group recognises revenue over time from contracts by reference to the stage of completion method of each individual contract at the end of each reporting period, when the outcome of the contract can be estimated reliably. The stage of completion is measured by reference to assessment of actual work completed to-date based on internal survey of performance completed to-date or milestones reached and customer's acknowledgement of work completed. In making these estimates, the Group relied on past experience and knowledge of the project managers. 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 Group's revenue recognised during the financial year are disclosed in Note 4. The carrying amounts of the contract assets and liabilities from contracts with customers at the end of each reporting period are disclosed in Note 17.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of investment in subsidiaries

At the end of each reporting period, the Company assesses whether there are any indications of impairment for investment in subsidiaries. The Company also assesses whether there is any indication that an impairment loss recognised in prior periods for investment in subsidiaries, may no longer exist or may have decreased.

If any such indication exists, the Company estimates the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The value in use calculation involves significant judgement in the forecast projection of sales and operating cash flows for the next five years including the consideration on the implications of the COVID-19 pandemic. Details of the key assumptions applied in the Company's impairment assessment of its investments in subsidiaries and the carrying amounts of the investments in subsidiaries are disclosed in Note 14. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

Allowance for expected credit losses of trade receivables and contract assets

The Group applies the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The provision matrix is initially based on the Group's historical observed default rates. The Group will assess the historical credit loss experience by considering current and forecast economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions as well as the implications of the COVID-19 pandemic on the assumptions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 30(b).

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Allowance for expected credit losses of trade receivables and contract assets (cont'd)

The carrying amounts of the Group's trade receivables and contract assets as at 31 May 2020 amounting to $2,826,000 (31.5.2019: $4,157,000) and $6,288,000 (31.5.2019: $6,482,000) respectively.

Impairment of non-financial assets (other than goodwill and other indefinite-life intangible assets)

At the end of each reporting period, the Group and the Company assess whether there are any indications of impairment for all non-financial assets. If any such indication exists, the Group and the Company estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group's and the Company's property, plant and equipment are disclosed in Notes 12. The carrying values of the Group's intangible assets with finite lives are disclosed in Note 13.

4 Revenue

The following table provides a disaggregation disclosure of the Group's revenue by primary geographical market, major service lines and timing of revenue recognition.

	Group	
		(Restated)
	2020	2019
	$'000	$'000
Primary geographical markets		
Singapore	**4,666**	10,739
Philippines	**1,652**	2,252
Thailand	**5,193**	4,914
	11,511	17,905
Major service lines		
Rendering of services	**11,114**	17,525
Maintenance services	**397**	380
	11,511	17,905
Timing of revenue recognition		
Over time	**11,114**	17,525
At a point in time	**397**	380
	11,511	17,905
Amounts recognised during the financial year from:		
Amounts included in contract liabilities at the beginning of the financial year	**673**	603

4 Revenue (cont'd)

Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient in SFRS (I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

5 Other income

	Group	
	2020	2019
	$'000	$'000
Commission fee	**–**	170
Government grants	**240**	–
Interest income	**2**	1
Others	**32**	23
	274	194

6 Staff costs

	Group	
	2020	2019
	$'000	$'000
Wages and salaries	**6,144**	6,641
Contribution to defined contribution plans	**243**	383
Defined benefits plans	**57**	73
Other short-term benefits	**337**	546
	6,781	7,643

Employee benefits expenses allocated by function are as follows:

	Group	
	2020	2019
	$'000	$'000
Project related	**4,653**	5,276
Administrative	**2,128**	2,367
	6,781	7,643

Included in employee benefits expenses of the Group are directors' fee amounting to $153,000 (2019: $149,000)

7 Other expenses

	Group	
	2020	2019
	$'000	$'000
Transport and travelling	**413**	599
Rental of office premises, warehouse and equipment	**280**	471
Rental of motor vehicle	**48**	184
Administrative expenses	**393**	761
Subscription	**175**	117
Others	**708**	271
	2,017	2,403

8 Finance costs

	Group	
	2020	2019
	$'000	$'000
Interest expense:		
- Shareholder's loan	**93**	103
- Lease liabilities	**51**	–
- Finance lease liabilities	**–**	18
- Others	**12**	12
	156	133

9 (Loss)/profit before tax

(Loss)/profit before tax is arrived at after charging/(crediting):

	Group	
	2020	2019
	$'000	$'000
Audit fees payable to:		
- auditor of the Company	**75**	103
- other auditors*	**27**	34
Fees for non-audit services payable to:		
- auditor of the Company	**–**	20
- other auditors*	**–**	–
Amortisation of intangible assets (Note 13)	**48**	46
Depreciation of property, plant and equipment (Note 12)	**814**	448
Allowance for expected credit loss of trade receivables and contract assets (Note 30(b))	**625**	64
Write-back of allowance for expected credit loss of trade receivables (Note 30(b))	**–**	(96)
Foreign exchange gain, net	**(16)**	(74)
Loss on disposal of property, plant and equipment	**3**	–
Rental expenses	**222**	655
Operating lease expense - short-term leases	**106**	–
Write down of inventories	**216**	–

* Include independent member firms of the Baker Tilly International network in 2020.

10 Income tax expense

	Group	
	2020	2019
	$'000	$'000
Tax expense attributable to profits is made up of:		
Current income tax:		
- current year	**5**	53
- underprovision in respect of prior years	**30**	–
	35	53
Deferred tax:		
- current year	**348**	(14)
- overprovision in respect of prior years	**(96)**	(5)
	252	(19)
	287	34

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax to (loss)/profit before tax due to the following factors:

	Group	
		(Restated)
	2020	2019
	$'000	$'000
(Loss)/profit before tax	**(2,869)**	568
Tax calculated at a tax rate of 17%	**(488)**	97
Effect of different tax rates in other countries	**(66)**	24
Expenses not deductible for tax purposes	**58**	259
Deferred tax asset not recognised	**877**	–
Utilisation of deferred tax assets not recognised in prior years	**(27)**	(370)
Overprovision of taxation in respect of prior years	**(66)**	(5)
Others	**(1)**	29
	287	34

The statutory income tax rate applicable is 17% (2019: 17%) for companies incorporated in Singapore. The income tax rates applicable to foreign subsidiaries are as follows:

	Group	
	2020	2019
	%	%
Thailand	**20**	20
Philippines	**30**	30
Malaysia	**24**	24

11 (Losses)/earnings per share

Basic (losses)/earnings per share is calculated based on the Group's (loss)/profit for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding.

11 (Losses)/earnings per share (cont'd)

	2020	(Restated) 2019
(Loss)/profit for the year attributable to equity holders of the Company ($'000)	**(3,156)**	534
Weighted average number of ordinary shares outstanding for basic and diluted (losses)/earnings per share ('000)	**152,000**	152,000
Basic and diluted (losses)/earnings per share (cents per share)	**(2.08)**	0.35

Diluted (losses)/earnings per share is same as basic (losses)/earnings per share as there were no potential dilutive ordinary shares for the financial year ended 31 May 2019 and 31 May 2020.

12 Property, plant and equipment

Group	Renovation $'000	Tools and testing equipment $'000	Computer and office equipment $'000	Motor vehicles $'000	Leasehold properties $'000	Total $'000
2020						
Cost						
At 1.6.2019	447	1,067	1,110	537	–	3,161
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	–	–	744	744
Reclassification on initial application of SFRS(I) 16	(447)	–	–	–	447	–
At 1.6.2019, restated	–	1,067	1,110	537	1,191	3,905
Additions	–	202	19	16	55	292
Disposals	–	–	–	(17)	–	(17)
Currency translation differences	–	20	4	–	12	36
At 31.5.2020	**–**	**1,289**	**1,133**	**536**	**1,258**	**4,216**
Accumulated depreciation						
At 1.6.2019	281	885	832	132	–	2,130
Reclassification on initial application of SFRS(I) 16	(281)	–	–	–	281	–
At 1.6.2019, restated	–	885	832	132	281	2,130
Depreciation charge	–	95	113	134	472	814
Disposals	–	–	–	(6)	–	(6)
Currency translation differences	–	18	19	–	5	42
At 31.5.2020	**–**	**998**	**964**	**260**	**758**	**2,980**
Net carrying value						
At 31.5.2020	**–**	**291**	**169**	**276**	**500**	**1,236**

12 Property, plant and equipment (cont'd)

	Renovation $'000	Tools and testing equipment $'000	Computer and office equipment $'000	Motor vehicles $'000	Total $'000
Group					
2019					
Cost					
At 1.6.2018	440	997	872	302	2,611
Additions	3	52	215	278	548
Disposals	–	–	(1)	(43)	(44)
Currency translation differences	4	18	24	–	46
At 31.5.2019	447	1,067	1,110	537	3,161
Accumulated depreciation					
At 1.6.2018	209	725	694	60	1,688
Depreciation charge	68	144	121	115	448
Disposals	–	–	(1)	(43)	(44)
Currency translation differences	4	16	18	–	38
At 31.5.2019	281	885	832	132	2,130
Net carrying value					
At 31.5.2019	166	182	278	405	1,031

	Computer and office equipment $'000
Company	
2020	
Cost	
At 1.6.2019 and 31.5.2020	7
Accumulated depreciation	
At 1.6.2019 and 31.5.2020	6
Net carrying value	
At 31.5.2020	1

12 Property, plant and equipment (cont'd)

	Computer and office equipment $'000
Company	
2019	
Cost	
At 1.6.2018 and 31.5.2019	7
Accumulated depreciation	
At 1.6.2018	4
Depreciation charge	2
At 31.5.2019	6
Net carrying value	
At 31.5.2019	1

(a) Included in the Group's property, plant and equipment are right-of-use assets of $910,000 (1.6.2019: $1,262,000) (Note 24)

(b) At 31 May 2019, the net carrying values of computer and office equipment and motor vehicles of the Group acquired under finance lease agreements (classified as finance lease under SFRS(I) 17 amounted to $24,000 and $328,000 respectively. Leased assets are pledged as security for the related finance lease liabilities (Note 23).

(c) Net cash outflow for purchase of property, plant and equipment

	Group	
	2020 $'000	2019 $'000
Aggregate cost of property, plant and equipment acquired	**292**	548
Less: Additions under new finance lease (Note 23)	–	(213)
Less: Additions under new leases (Note 23)	**(158)**	–
Net cash outflow for purchase of property, plant and equipment	**134**	335

13 Intangible assets

	Customer relationships	
	2020	2019
	$'000	$'000
Group		
Cost		
At beginning of financial year	**9,011**	8,988
Currency translation differences	**16**	23
At end of financial year	**9,027**	9,011
Accumulated amortisation		
At beginning of financial year	**8,916**	8,850
Amortisation charge	**48**	46
Currency translation differences	**14**	20
At end of financial year	**8,978**	8,916
Net carrying amount		
At end of financial year	**49**	95

Customer relationships refer to the economic benefits that are expected to be derived from non-contractual existing and recurring relationships between two cash-generating units (Yinda Technology Singapore Pte. Ltd. and Yinda Technology (Thailand) Co., Ltd.) and their existing customers.

The useful lives of these customer relationships are estimated to be 10 years (2019: 10 years), which is the period of expected benefits. The amortisation of intangible assets is included in depreciation and amortisation expenses in the consolidated statement of profit or loss and other comprehensive income.

14 Investments in subsidiaries

	Company	
	2020	2019
	$'000	$'000
Unquoted equity shares, at cost		
At beginning of financial year	**11,121**	11,121
Less: Impairment losses	**(8,785)**	(4,996)
At end of financial year	**2,336**	6,125

14 Investments in subsidiaries (cont'd)

Movements in impairment losses during the financial year are as follows:

	Company	
	2020	2019
	$'000	$'000
At beginning of financial year	**4,996**	4,996
Allowance made	**3,789**	–
At end of financial year	**8,785**	4,996

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Group's equity holding 2020 %	Group's equity holding 2019 %
<u>**Held by the Company**</u>				
Yinda Technology Singapore Pte. Ltd. ("YTS") (1)	Singapore	Investment holding, supply and installation of machinery equipment and tools for telecommunication	**100**	100
Yinda Technology (Thailand) Co., Ltd. ("YTT") (2)(4)	Thailand	Providing telecommunication network services	**100**	100
Yinda Technology Malaysia Sdn. Bhd. ("YTM") (3)	Malaysia	Providing telecommunication network services	**100**	100
<u>Held by Yinda Technology Singapore Pte. Ltd.</u>				
Yinda Communications (Philippines), Inc. ("YCP") (2)	Philippines	Design development installation, implementation and maintenance of telecommunication equipment and system for commercial and industrial applications as well as related activities	**100**	100

(1) Audited by Baker Tilly TFW LLP.
(2) Audited by overseas independent member firms of the Baker Tilly International network in 2020.
(3) Not required to be audited by law of country of incorporation.
(4) 20% of the equity interest in YTT is held by YTS.

YTT has an issued share 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 shares. The Company and YTS collectively hold all the ordinary shares while a Thai national hold all the preference shares for the statutory requirement. As such Group hold 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 appointed Madam Song Xingyi as her proxy to attend and vote for her and on her behalf at all the shareholders' meeting of YTT and at any adjournment thereof, if any. No dividend will also be attributable to the holder of the preference shares in this aspect.

14 Investments in subsidiaries (cont'd)

Company level - impairment review of investment in subsidiaries

During the financial year, management performed impairment review for the Company's investments in subsidiaries as certain subsidiaries incurred net losses during current financial year. An impairment loss of $3,789,000 (2019: Nil) was recognised in the Company's profit or loss for the financial year ended 31 May 2020 to write down one of the subsidiaries to its zero recoverable amount. The recoverable amount of the investment was determined based on value-in-use calculations using cash flow projections from forecast approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 12.40% (2019: 9.50%) and 1.70% (2019: 2.00%) respectively.

Sensitivity to changes in key estimates

If the following key estimates change, the impairment loss recognised in the Company's profit or loss will decrease as follows:

	Impairment charge decreased by $'000
An increase in forecast revenue by 1%	549
An increase in gross profit margin by 1%	777
A decrease in discount rate by 1%	760

15 Deferred tax

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 the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

	Group	
		(Restated)
	2020	2019
	$'000	$'000
Balance at beginning of the financial year		
- As previously reported	**607**	596
- Prior year adjustments (Note 34)	**(440)**	(454)
Balance at beginning of the financial year (restated)	**167**	142
Tax (charged)/credited to profit or loss (Note 10)	**(252)**	19
Currency translation differences	**(135)**	6
Balance at end of the financial year	**(220)**	167

Representing:

		Group	
		(Restated)	(Restated)
	31.5.2020	31.5.2019	1.6.2018
	$'000	$'000	$'000
Deferred tax (liabilities)/assets arising from:			
Accelerated tax depreciation	**–**	(45)	(75)
Provisions	**30**	249	380
Employees benefits	**22**	14	14
Contract assets	**(257)**	(56)	(181)
Others	**(15)**	5	4
	(220)	167	142

15 Deferred tax (cont'd)

Unrecognised tax losses

At the end of the reporting period, the Group has unutilised tax losses of approximately $4,140,000 (2019: Nil) and deductible temporary difference of $338,000 (2019: Nil) that are available for offset against future taxable profits of the companies in which the tax 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.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $236,000 (2019: $178,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

16 Inventories

	Group	
	31.5.2020	31.5.2019
	$'000	$'000
Equipment and raw materials	**1,088**	1,214

During the financial year ended 31 May 2020, inventories recognised as an expense in the consolidated statement of profit or loss and other comprehensive income under line item "Changes in inventories, materials consumed and subcontractor costs" for the Group amounted to $3,761,000 (2019: $6,331,000).

17 Contract assets and liabilities

The Group receives payments from customers based on performance milestones as established in contracts. Contract assets relate to the Group's rights to consideration for work completed but not billed at the end of the reporting period on the Group's telecommunication network construction and implementation services. Contract liabilities relate to advance consideration received from customers, billings in excess of revenue recognised to-date and deferred revenue. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contracts with customers:

		Group	
		(Restated)	(Restated)
	31.5.2020	31.5.2019	1.6.2018
	$'000	$'000	$'000
Trade receivables and retention amounts from contracts with customers	**3,288**	4,343	6,180
Contract assets	**6,288**	6,482	2,085
Contract liabilities	**779**	673	603

17 Contract assets and liabilities (cont'd)

Significant changes in the contract assets and contract liabilities balances during the financial year are as follows:

	Group			
	Contract assets		Contract liabilities	
	2020	(Restated) 2019	**2020**	(Restated) 2019
	$'000	$'000	**$'000**	$'000
Contract assets reclassified to trade receivables	**7,530**	1,601	**–**	–
Services performed ahead of milestone payments	**7,692**	6,482	**–**	–
Increases due to advances received, excluding amounts recognised as revenue during the year	**–**	–	**779**	673
Impairment loss on contract assets	**356**	–	**–**	–

18 Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand.

19 Trade and other receivables

	Group		Company	
	31.5.2020	(Restated) 31.5.2019	**31.5.2020**	31.5.2019
	$'000	$'000	**$'000**	$'000
Trade receivables - third parties	**3,260**	3,821	**–**	–
Retention amounts due from customers	**28**	522	**–**	–
	3,288	4,343	**–**	–
Less: Allowance for expected credit losses	**(462)**	(186)	**–**	–
	2,826	4,157	**–**	–
Deposits	**292**	190	**–**	–
Sundry receivables	**94**	188	**9**	–
Staff advances	**34**	96	**–**	–
Prepayments	**98**	154	**18**	34
Creditable withholding tax and input value added tax	**824**	716	**–**	–
Advance payment to suppliers	**186**	167	**–**	–
Notes receivables	**–**	496	**–**	–
Amounts due from related parties	**–**	12	**–**	12
	1,528	2,019	**27**	46
Total	**4,354**	6,176	**27**	46

19 Trade and other receivables (cont'd)

As at 31 May 2020, trade receivables amounting to $102,000 (31.5.2019: $782,000) have been factored to a bank with recourse to the Group. The corresponding cash received is recorded as borrowings (Note 23).

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

The amounts due from related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

20 Cash and cash equivalents

	Group		Company	
	31.5.2020	31.5.2019	**31.5.2020**	31.5.2019
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**316**	239	**81**	33
Short-term deposits	**10**	10	**10**	10
Fixed deposits	**100**	100	**–**	–
	426	349	**91**	43
Less: pledged fixed deposits	**(100)**	(100)	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**326**	249	**91**	43

Short-term 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.

Fixed deposits are pledged as security with one of the subsidiary's banker's guarantee. The weighted average effective interest rates of these fixed deposits at the end of the reporting period is 0.10% (2019: 0.57% to 0.69%) per annum.

The remaining fixed deposits relate to 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.

21 Share capital

	Group and Company			
	Number of shares			
	2020	2019	**2020**	2019
	'000	'000	**$'000**	$'000
Issued and fully paid ordinary shares				
At beginning and end of financial year	**152,000**	152,000	**14,542**	14,542

All issued shares are fully paid ordinary shares with no par value.

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 restriction.

22 Other reserves

	Group	
		(Restated)
	31.5.2020	31.5.2019
	$'000	$'000
Foreign currency translation reserve	**(16)**	117
Capital reserve	**1,890**	1,890
Merger reserve	**(10,397)**	(10,397)
Statutory reserve	**49**	49
Others	**6**	6
	(8,468)	(8,335)

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.

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.

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.

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.

23 Borrowings

	Group		Company	
	31.5.2020	31.5.2019	**31.5.2020**	31.5.2019
	$'000	$'000	**$'000**	$'000
Non-current				
Finance leases liabilities	**–**	320	**–**	–
Current				
Finance lease liabilities	**–**	60	**–**	–
Shareholder's loan	**4,790**	4,200	**4,790**	4,200
Short-term loan	**593**	489	**–**	–
Factoring	**102**	782	**–**	–
	5,485	5,531	**4,790**	4,200
	5,485	5,851	**4,790**	4,200

23 Borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 June 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2(a).

	Group 31.5.2019	
	Minimum lease payments $'000	**Present value $'000**
Not later than one financial year	80	60
Later than one financial year but not later than five financial years	300	247
Later than five financial years	65	73
Total minimum lease payments	445	380
Less: Future finance charges	(65)	–
Present value of finance lease liabilities	380	380
Effective interest rates (%)	2.90	

The net carrying values of property, plant and equipment acquired and held as security under finance lease agreements are disclosed in Note 12(b).

Shareholder's loan

Shareholder's loan from Yinda Pte. Ltd. is unsecured and repayable within a year. Interest is payable at the rate of 3.25% per annum (31.5.2019: 3.25% per annum). On 6 December 2019, loan amount of $3,456,000 has extended for a year. In view of the current economic environment, the shareholder has agreed to waive the interest charged from 6 December 2019 to 5 December 2020.

Short-term loan

Short-term loan relates to a baht denominated short-term loan which bears fixed interest rates ranging from 4.45% to 5.00% per annum (31.5.2019: 5.00% per annum).

Factoring

Factoring represent cash proceed received from a bank for trade receivables factored to the bank with recourse (Note 19).

23 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Shareholder's loan $'000	Short-term loan $'000	Factoring $'000	Finance liabilities $'000	Lease liabilities (Note 24) $'000	Amounts due to related parties (Note 26) $'000	Total $'000
Group							
2020							
At beginning of financial year	4,200	489	782	380	–	5	5,856
Reclassification on adoption of SFRS(I) 16	–	–	–	(380)	380	–	–
Adoption of SFRS(I) 16	–	–	–	–	740	–	740
Changes from financing cash flows:							
- Proceeds	560	1,181	3,989	–	–	–	5,730
- Repayments	–	(1,089)	(4,669)	–	(456)	(5)	(6,219)
- Interest paid	–	–	(12)	–	(51)	–	(63)
Non-cash changes:							
- Interest expense	93	–	12	–	51	–	156
- New leases	–	–	–	–	158	–	158
- Unpaid interest included in amount due to shareholder	(93)	–	–	–	–	–	(93)
Effect of changes in foreign exchange rates	30	12	–	–	7	–	49
At end of financial year	**4,790**	**593**	**102**	–	**829**	–	**6,314**

23 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Shareholder's loan $'000	Short-term loan $'000	Factoring $'000	Finance liabilities $'000	Advance from shareholders $'000	Amounts due to related parties (Note 26) $'000	Total $'000
2019							
At beginning of financial year	1,000	108	–	247	2,708	12	4,075
Changes from financing cash flows:							
- Proceeds	1,992	489	782	–	–	–	3,263
- Repayments	(1,500)	(108)	–	(80)	–	(7)	(1,695)
- Interest paid	–	–	(12)	(18)	–	–	(30)
Non-cash changes:							
- New finance lease	–	–	–	213	–	–	213
- Interest expense	103	–	12	18	–	–	133
- Unpaid interest included in amount due to shareholder	(103)	–	–	–	–	–	(103)
- Reclassifications	2,708	–	–	–	(2,708)	–	–
At end of financial year	4,200	489	782	380	–	5	5,856

24 Lease liabilities

The Group's leasing activities comprise the following:

(a) The Group leases office, warehouse, staff accommodation, motor vehicles, computer and office equipment from non-related parties. The leases have an average tenure of between two to five years; and

(b) The Group leases certain office equipment and motor vehicles with contractual terms of 6 months to three years. These leases are either short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 30(b).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in statement of financial position

	Group	
	31.5.2020	1.6.2019
	$'000	$'000
Carrying amount of right-of-use assets		
Leasehold properties	**500**	**910**
Computer and office equipment	**190**	**24**
Motor vehicles	**220**	**328**
	910	**1,262**
Carrying amount of lease liabilities		
Current	**567**	**456**
Non-current	**262**	**664**
	829	**1,120**

	Group
	2020
	$'000
Additions to right-of-use assets	**236**

Amounts recognised in profit or loss

	Group
	2020
	$'000
Depreciation charge for the financial year	
Leasehold properties	**473**
Computer and office equipment	**15**
Motor vehicles	**107**
	595

24 Lease liabilities (cont'd)

The Group as a lessee (cont'd)

Information about leases for which the Group is a lessee is presented below (cont'd):

Amounts recognised in profit or loss (cont'd)

	Group 2020 $'000
Lease expense not included in the measurement of lease liabilities:	
Lease expense - short-term leases (Note 9)	**106**
Interest expense arising from lease liabilities (Note 8)	**51**

Total cash flows for leases during the financial year amounted to $612,000.

As at 31 May 2020, the Group is committed to $80,000 for short-term leases.

25 Employee benefits liabilities

As at 31 May 2020 and 31 May 2019, 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.

	Group	
	2020 $'000	2019 $'000
Net benefit expense		
Current service cost	**48**	65
Interest cost on benefit liabilities	**9**	8
	57	73
Net actuarial (loss)/gain recognised in the other comprehensive income	**(3)**	7

25 Employee benefits liabilities (cont'd)

Movements in employee benefits liabilities are as follows:

	Group	
	2020	2019
	$'000	$'000
At beginning of financial year	**204**	134
Current service cost	**48**	65
Interest cost on benefit liabilities	**9**	8
Actuarial loss/(gain) on obligation	**3**	(7)
Income tax effect	**1**	(3)
Currency translation differences	**7**	7
At end of financial year	**272**	204

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

	Group	
	2020	2019
Discount rates	1.57% - 4.22%	1.57% - 6.11%
Expected rate of salary increases	5.00%	5.00%
Mortality rates	3.00%	3.00%
Price inflation	2.50%	3.00%

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	
		2020	2019
	%	**$'000**	$'000
	Increase/ (decrease)	(Decrease)/ increase in net employee benefit liabilities	(Decrease)/ increase in net employee benefit liabilities
Discount rate	1.0	20	37
	(1.0)	(32)	(18)
Salary increase rate	1.0	(15)	38
	(1.0)	22	(31)

26 Trade and other payables

	Group		Company	
		(Restated)		
	31.5.2020	31.5.2019	**31.5.2020**	31.5.2019
	$'000	$'000	**$'000**	$'000
Trade payables - third parties	**2,237**	2,093	**–**	–
Other payables	**502**	557	**260**	332
Indirect tax payable	**832**	615	**4**	7
Accrued liabilities	**1,142**	1,338	**247**	207
Amount due to shareholder	**221**	128	**195**	101
Amounts due to related parties	–	5	**–**	–
Deferred grant income	**105**	–	–	–
	2,802	2,643	**706**	647
Total	**5,039**	4,736	**706**	647

The amounts due to shareholder and related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

Deferred grant income relates to "Job Support Scheme" ("JSS") provided by Singapore Government to help businesses retain their local employees during the period of economic uncertainty affected by the COVID-19 pandemic. Under the JSS, the Singapore Government will co-fund between 25% to 75% of the first $4,600 of gross monthly wages paid to each local employee in a ten-month period (up to August 2020) and 10% of the same in the subsequent seven-month period (September 2020 to March 2021) through cash subsidies. There are no unfulfilled conditions or contingencies attached to these grants. The deferred grant income will be recognised as grant income in financial year ending 31 May 2021.

27 Contingent liabilities (unsecured)

The Company has provided corporate guarantees of $5,837,000 (31.5.2019: $5,802,000) to banks for banking facilities of $695,000 (31.5.2019: $1,271,000) drawn down by subsidiaries at the end of the reporting period (Note 23).

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.

28 Commitments

Operating lease commitments - lessee

The Group leases offices, warehouse, staff accommodation, computer, motor vehicles and office equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

28 Commitments (cont'd)

Operating lease commitments - lessee (cont'd)

As at 31 May 2019, commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities at the reporting date, are payable as follows:

	Group
	2019
	$'000
Not later than one financial year	474
Later than one financial year but not later than five financial years	336
	810

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

As disclosed in Note 2(a), the Group has adopted SFRS(I) 16 on 1 June 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statements of financial position as at 1 June 2019, except for short-term leases.

29 Related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2020	2019
	$'000	$'000
Purchases of raw materials from a related party	**53**	565
Interest expense on shareholder's loan	**95**	103
Rental of vehicles from shareholder	**–**	26

(b) Key management personnel

Total key management personnel compensation is analysed as follows:

	Group	
	2020	2019
	$'000	$'000
Salaries and remuneration	**481**	451
Employer's contribution to defined contribution plans	**33**	22
Fees and other benefits	**164**	154
	678	627
Comprise amounts paid to:		
Directors of the Company	**164**	200
Other key management personnel	**514**	427
	678	627

30 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	31.5.2020	31.5.2019	**31.5.2020**	31.5.2019
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at amortised cost	**3,787**	5,531	**4,630**	5,191
Financial liabilities				
Financial liabilities at amortised cost	**10,416**	9,972	**5,657**	4,889

(b) Financial risks management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, liquidity risk and credit risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance.

The directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk and credit risk. Such written policies are reviewed annually.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group's trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer.

Maximum exposure and concentration of credit risk

At the end of the reporting period, 68% (31.5.2019: 68%) of the Group's trade receivables were due from 5 major debtors. The Company has no significant concentration of credit risk except for the amounts due from subsidiaries as disclosed in Note 18.

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Maximum exposure and concentration of credit risk (cont'd)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of $695,000 (31.5.2019: $1,271,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings (Note 27).

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- 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 change in the operating results of the customer;
- 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 operating results of the customer.

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk (cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers information developed internally or obtained from external sources that indicates that the customer is unlikely to pay its creditor, including the Group as constituting an event of default for internal credit risk management purpose. Based on historical experience, it indicates that receivables that meet the criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Movements in credit loss allowance

Movements in allowance for expected credit losses are as follows:

	Trade Receivables $'000	Contract assets $'000	Total $'000
Group			
Balance at 1 June 2019	186	–	186
Loss allowance measured: Lifetime ECL - simplified approach	269	356	625
Currency translation difference	7	–	7
Balance at 31 May 2020	**462**	**356**	**818**
Balance at 1 June 2018	213	–	213
Loss allowance measured: Lifetime ECL - simplified approach	64	–	64
Write-back of allowance	(96)	–	(96)
Currency translation difference	5	–	5
Balance at 31 May 2019	186	–	186

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets. The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

Under the simplified approach, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and in particular, whether there are significant decline in the repayment ability of its debtors. There has been no change in the estimation techniques or significant assumptions made during the current financial year except for reassessments made of the current COVID-19 effects on the historical default rates of each past due category of its trade receivables and contract assets.

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The Group has recognised a loss allowance of 100% against all credit-impaired trade receivables. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 at the reporting date are set out in the provision matrix below:

31.5.2020	Not past due $'000	Within 180 days $'000	More than 180 days $'000	Credit-impaired $'000	Total $'000
Singapore					
Weighted average expected loss rate	0%	0%	39%	100%	
Gross receivables	2,509	1,141	236	583	4,469
Loss allowance	–	–	92	583	675
Philippines					
Weighted average expected loss rate	0%	5%	90%	100%	
Gross receivables	1,696	139	111	36	1,982
Loss allowance	–	7	100	36	143
Thailand					
Weighted average expected loss rate	0%	0%	0%	100%	
Gross receivables	3,288	193	–	–	3,481
Loss allowance	–	–	–	–	–
Total					
Weighted average expected loss rate	0%	0%	55%	100%	
Gross receivables	7,493	1,473	347	619	9,932
Loss allowance	–	7	192	619	818

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The Group's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 at the reporting date are set out in the provision matrix below (cont'd):

31.5.2019	Not past due $'000	Within 180 days $'000	More than 180 days $'000	Credit-impaired $'000	Total $'000
Singapore					
Weighted average expected loss rate	0%	0%	0%	100%	
Gross receivables	6,349	986	–	92	7,427
Loss allowance	–	–	–	92	92
Philippines					
Weighted average expected loss rate	0%	33%	69%	100%	
Gross receivables	1,152	60	87	13	1,312
Loss allowance	–	21	60	13	94
Thailand					
Weighted average expected loss rate	0%	0%	0%	100%	
Gross receivables	1,798	288	–	–	2,086
Loss allowance	–	–	–	–	–
Total					
Weighted average expected loss rate	0%	1%	69%	100%	
Gross receivables	9,299	1,334	87	105	10,825
Loss allowance	–	21	60	105	186

Other financial assets at amortised cost

The table below details the credit quality of the Group's and the Company's other financial assets at amortised cost at the reporting date:

Group

31.5.2020	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Sundry receivables, deposits and staff advances	12-month ECL	**535**	**–**	**535**
Cash and cash equivalents with financial institutions	N.A. Exposure limited	**426**	**–**	**426**

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

The table below details the credit quality of the Group's and the Company's other financial assets at amortised cost at the reporting date (cont'd):

Group

31.5.2019	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Sundry receivables, deposits, staff advances, notes receivables and amounts due from related parties	12-month ECL	1,025	–	1,025
Cash and cash equivalents with financial institutions	N.A. Exposure limited	349	–	349

Company

31.5.2020	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Sundry receivables	12-month ECL	**9**	**–**	**9**
Amounts due from subsidiaries	12-month ECL	**4,530**	**–**	**4,530**
	Lifetime ECL	**1,384**	**(1,384)**	**–**
Cash and cash equivalents with financial institution	N.A. Exposure limited	**91**	**–**	**91**
31.5.2019				
Amounts due from related parties	12-month ECL	12	–	12
Amounts due from subsidiaries	12-month ECL	5,136	–	5,136
Cash and cash equivalents with financial institution	N.A. Exposure limited	43	–	43

Credit risk exposure in relation to financial assets at amortised cost (other than trade receivables and contract assets and amounts due from subsidiaries) are insignificant, and accordingly no credit loss allowance is recognised as at 31 May 2020 and 31 May 2019.

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Other financial assets at amortised cost (cont'd)

Amounts due from subsidiaries

For the amounts due from subsidiaries where impairment loss allowance is measured using 12-month ECL, the Company assessed the latest performance and financial position of the respective subsidiaries, adjusted for COVID-19 impact consideration and the future outlook of the industry in which the subsidiaries operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

For the amounts due from subsidiaries where impairment loss allowance is measured using lifetime ECL, the subsidiary is considered credit-impaired, hence 100% allowance is provided on the outstanding amount due from this subsidiary as at 31 May 2020.

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have sufficient financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and financial support from former intermediate holding company.

In managing its liquidity, management monitors and reviews the Group's and the Company's forecasts of liquidity reserves (comprise cash and cash equivalents and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	31.5.2020 $'000				31.5.2019 $'000		
	Within 1 year	**1 to 5 year**	**After 5 year**	**Total**	Within 1 year	1 to 5 year	Total
Group							
Trade and other payables	**4,102**	**–**	**–**	**4,102**	4,121	–	4,121
Borrowings	**5,581**	**–**	**–**	**5,581**	5,632	334	5,966
Lease liabilities	**587**	**287**	**16**	**890**	–	–	–
	10,270	**287**	**16**	**10,573**	9,753	334	10,087
Company							
Trade and other payables	**702**	**–**	**–**	**702**	640	–	640
Amounts due to subsidiaries	**165**	**–**	**–**	**165**	49	–	49
Borrowings	**4,883**	**–**	**–**	**4,883**	4,301	–	4,301
Financial guarantee contracts (Note 27)	**695**	**–**	**–**	**695**	1,271	–	1,271
	6,445	**–**	**–**	**6,445**	6,261	–	6,261

30 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in other than the respective functional currencies of entities in the Group. The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD for the Group and the Company.

At the end of the reporting period, the Group's and the Company's foreign currency exposure based on information provided by key management is as follows:

	31.5.2020 USD $'000	31.5.2019 USD $;000
Group		
Financial assets		
- Trade and other receivables	**301**	116
- Cash and cash equivalents	**7**	22
	308	138
Financial liabilities		
- Trade and other payables	**(129)**	(93)
Net financial assets denominated in foreign currencies	**179**	45
Company		
Cash and cash equivalents	**1**	13

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant, of the Group's and the Company's profit/(loss) net of tax.

	Group Increase/(decrease)		**Company Increase/(decrease)**	
	Loss net of tax 2020 $'000	Profit net of tax 2019 $'000	**Loss net of tax 2020 $'000**	Loss net of tax 2019 $'000
Group				
USD/SGD				
- strengthened 10%	**(15)**	4	**–***	(1)
- weakened 10%	**15**	(4)	**–***	1

* amount less than $1,000

31 Fair value of assets and liabilities

The carrying amounts of financial assets and financial liabilities recorded in the financial statements of the Group and the Company approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period or that there are no significant changes in the interest borrowing rates available to the Group at the end of the reporting period.

32 Capital management

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

Management monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
		(Restated)
	31.5.2020	31.5.2019
	$'000	$'000
Borrowings (Note 23)	**5,485**	5,851
Lease liabilities (Note 24)	**829**	–
Less: Cash and cash equivalents	**(426)**	(349)
Net debt	**5,888**	5,502
Total equity	**409**	3,701
Total capital	**6,297**	9,203
Gearing ratio	**93.50%**	59.78%

33 Segment information

The Group is organised into business units based on its geographical locations in Singapore, Thailand, Philippines and Malaysia. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

	Singapore $'000	Thailand $'000	Philippines $'000	Malaysia $'000	Adjustments and eliminations $'000	Group $'000
2020						
Revenue from external customers	4,666	5,193	1,652	–	–	11,511
Intersegment sales	–	–	83	–	(83)	–
Total revenue	4,666	5,193	1,735	–	(83)	11,511
Operating (loss)/profit	(7,979)	611	(584)	(22)	5,259	(2,715)
Interest income	162	1	1	–	(162)	2
Finance costs	(248)	(20)	(47)	–	159	(156)
Profit/(loss) before tax	(8,065)	592	(630)	(22)	5,256	(2,869)
Income tax expense						(287)
Loss after tax attributable to equity holders of the Company						(3,156)
Other significant non-cash items						
Depreciation and amortisation	647	42	90	–	83	862
Allowance for expected credit loss of trade receivables and contract assets	583	–	42	–	–	625
Assets						
Segment assets	22,206	4,874	3,247	2	(16,773)	13,556
Segment assets includes						
Additions to non-current assets	278	–	14	–	–	292
Liabilities						
Segment liabilities	13,416	2,057	4,338	113	(6,777)	13,147

33 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows (cont'd):

	Singapore $'000	Thailand $'000	Philippines $'000	Malaysia $'000	Adjustments and eliminations $'000	Group $'000
2019						
Revenue from external customers	10,739	4,914	2,252	–	–	17,905
Intersegment sales	–	–	244	–	(244)	–
Total revenue	10,739	4,914	2,496	–	(244)	17,905
Operating profit/(loss)	991	(77)	181	(32)	(363)	700
Interest income	39	1	–	–	(39)	1
Finance costs	(159)	(7)	(6)	–	39	(133)
Profit/(loss) before tax	871	(83)	175	(32)	(363)	568
Income tax expense						(34)
Profit after tax attributable to equity holders of the Company						534
Other significant non-cash items						
Depreciation and amortisation	324	67	55	–	48	494
Allowance for expected credit loss of trade receivables and contract assets	47	–	17	–	–	64
Assets						
Segment assets	30,413	4,217	2,507	32	(21,612)	15,557
Segment assets includes						
Additions to non-current assets	482	37	29	–	–	548
Liabilities						
Segment liabilities	13,054	1,914	2,602	123	(5,837)	11,856

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured in a manner that is consistent with the net profit or loss before tax in the consolidated statement of profit or loss and other comprehensive income. Sales between operating segments are on terms agreed by Group entities concerned. Inter-segment revenues are eliminated on consolidation.

33 Segment information (cont'd)

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments.

Inter-segment assets as included in the respective reportable segments are eliminated to arrive at the total assets reported in the consolidated statement of financial position.

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Inter-segment liabilities as included in the respective reportable segments are eliminated to arrive at the total liabilities reported in the consolidated statement of financial position.

Information about major customer

Revenue is derived from 4 (2019: 4) external customer who individually contributed 10% or more of the Group's revenue.

		Group	
		2020	2019
	Attributable segments	**$'000**	$'000
Customer 1	Singapore	**1,766**	2,527
Customer 2	Singapore	**1,298**	2,888
Customer 3	Thailand	**1,661**	1,917
Customer 4	Philippines	**1,445**	1,894
		6,170	9,226

34 Comparative figures

The consolidated financial statements of 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 were audited by another firm of auditors whose report dated 6 September 2019 expressed an unmodified opinion on those financial statements.

Prior year adjustments have been made to the comparative figures as follows:

(i) The Group's accumulated losses as at 1 June 2018 decreased by $1,207,000 as a result of adjustment made for understatement of revenue recognition of $1,661,000 and the corresponding tax impact of $454,000 in respect of completed contracts where performance obligations were satisfied prior to 1 June 2018.
(ii) The Group adjusted for the overstatement of revenue recognition of $80,000 and the corresponding tax impact of $14,000 for the financial year ended 31 May 2019.
(iii) The Group recognised sub-contractor and material costs of $147,000 in the financial year ended 31 May 2019 as these costs were incurred for work performed in 2019.

34 Comparative figures (cont'd)

The following tables set out the prior year adjustments made to the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows:

	As previously reported $'000	Adjustment $'000	As restated $'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 May 2019			
Revenue	17,985	(80)	17,905
Changes in inventories, materials consumed and sub-contractor costs	(6,228)	(147)	(6,375)
Profit before tax	795	(227)	568
Income tax expense	(48)	14	(34)
Profit for the year	747	(213)	534
Statement of Financial Position at 31 May 2019			
Deferred tax assets	607	(440)	167
Contract assets	6,098	384	6,482
Trade and other receivables	6,200	(24)	6,176
Contract liabilities	1,870	(1,197)	673
Trade and other payables	4,613	123	4,736
Accumulated losses	(3,500)	994	(2,506)
Total equity	2,707	994	3,701
Statement of Financial Position at 1 June 2018			
Deferred tax assets	596	(454)	142
Contract assets	1,601	484	2,085
Contract liabilities	1,780	(1,177)	603
Accumulated losses	(4,254)	1,207	(3,047)
Total equity	1,897	1,207	3,104
Consolidated Statement of Cash Flows for the financial year ended 31 May 2019			
Cash flows from operating activities			
Profit before tax	795	(227)	568
Operating cash flows before movements in working capital	1,517	(227)	1,290
Contract assets	(4,497)	100	(4,397)
Trade and other receivables	1,426	24	1,450
Trade and other payables	10	123	133
Contract liabilities	90	(20)	70

35 Impact of COVID-19 pandemic

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's operations in Singapore, Philippines and Thailand as well as its financial performance, cash flows and liquidity in the last quarter of 2020 and also subsequent to the financial year end.

The Group's projects in Singapore, Philippines and Thailand have been delayed due to measures taken by the respective governments in their efforts to curb COVID-19. All projects in Singapore were put on-hold due to Circuit Breaker from 7 April 2020 until 18 June 2020 when the Company obtained approval to continue providing telecommunications implementation works and the testing and maintenance of telecommunications equipment. However, the Group has yet to recommence the projects on a full-scale as the foreign workers were isolated in the dormitories and subjected to swab testing. In Philippines, the Group's offices in Philippines, were also temporarily closed from 1 April to 31 May 2020 pursuant to the "Enhanced Community Quarantine". Due to restrictions imposed by the Philippines Government, the projects have yet to recommence to-date, other than engagement with the customer on matters pertaining to site planning. Similarly, in Thailand, all projects have also been temporarily halted due to the Thailand Government declaring the "Emergency Decree" from 26 March 2020 until 30 September 2020.

The Board of Directors of the Company expects the Group's operating environment and condition to be challenging for the next 12 months arising from the COVID-19 pandemic induced downturn. While the Group is unable to reasonably estimate the full financial impact of the COVID-19 pandemic, given the continued uncertainty, the Group is taking precautionary measures to deal with the Covid-19 pandemic in accordance with guidelines provided by the authorities in the respective countries the Group operates in. In addition, the Group is actively taking steps to manage its costs and streamline its business processes so as to achieve cost and operational optimisation, conserving liquidity, preserve assets and improving receivable collections.

36 Events after the reporting period

On 29 September 2020, the Company entered into the subscription agreements for the issue and allotment of 76 million new ordinary shares in the capital of the Company at an issue price of $0.05 per new ordinary share for an aggregate cash consideration of approximately $3.80 million (the "Proposed Subscription"). The net proceeds to be raised by the Company from the Proposed Subscription (after deducting estimated expenses of $0.03 million) are approximately $3.77 million ("Net Proceeds"). The Company intends to allocate the Net Proceeds as follows:

(i) Working capital: $1,131,000 to $1,508,000 (i.e. 30% to 40% of the Net Proceeds); and
(ii) New business opportunities: $2,262,000 to $2,639,000 (i.e. 60% to 70% of the Net Proceeds).

37 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 May 2020 were authorised for issue in accordance with a resolution of the directors on 12 October 2020.

STATISTICS OF SHAREHOLDINGS

As at 5 October 2020

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 subsidary holdings	:	Nil

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.23	20	0
100 – 1,000	21	4.89	19,100	0.01
1,001 – 10,000	270	62.94	1,381,400	0.91
10,001 – 1,000,000	122	28.44	11,732,300	7.72
1,000,001 AND ABOVE	15	3.50	138,867,180	91.36
TOTAL	429	100.00	152,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Shareholder's Name	No. of Shares held	%
1	YINDA PTE LTD	44,437,180	29.23
2	CHEE TUCK HONG	27,360,000	18.00
3	UOB KAY HIAN PTE LTD	17,552,200	11.55
4	LIM BOK HOO	7,000,000	4.61
5	TAN JUN KAH DERRICK(CHEN DUNJIA)	6,840,000	4.50
6	TAN SIEW BOON	6,600,000	4.34
7	LIM AND TAN SECURITIES PTE LTD	5,870,000	3.86
8	GOH BAO HUA	5,500,000	3.62
9	ANG POON BENG	4,200,000	2.76
10	TAN CHIN HOCK	3,886,500	2.56
11	LEE SER KOON	3,700,000	2.43
12	RAFFLES NOMINEES (PTE) LIMITED	1,879,900	1.24
13	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,507,100	0.99
14	WONG YONG CHYE	1,500,000	0.99
15	MAYBANK KIM ENG SECURITIES PTE.LTD	1,034,300	0.68
16	CITIBANK NOMINEES SINGAPORE PTE LTD	770,000	0.51
17	CHEW SIEW ENG	550,000	0.36
18	SAW CHIN CHOO	520,000	0.34
19	LEE HUNG MING	480,000	0.32
20	SEAH MOON MING	480,000	0.32
	Total	141,667,180	93.21

FREE FLOAT

Based on information available to the Company as at 5 October 2020, approximately 47.44% 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.

STATISTICS OF SHAREHOLDINGS

As at 5 October 2020

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%[4]	NO. OF SHARES	%[4]
Yinda Pte Ltd	44,437,180[1]	29.23	–	–
Shanghai Yinda Science and Technology Industrial Co Ltd	–	–	44,437,180[1]	29.23
Shanghai Yinda Technology Group Co Ltd	–	–	44,437,180[1]	29.23
Song Xingyi	–	–	44,437,180[1]	29.23
Wang Hua	–	–	44,437,180[1]	29.23
Wang Zhijun	–	–	44,437,180[1]	29.23
Chee Tuck Hong	27,360,000	18.00	–	–
Dato' Abdul Rahman Bin Yusof			8,098,000[2]	5.33

Notes:

(1) 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**") (68%), Song Xingyi (32%). Shanghai Yinda Group is in turn held by Song Xingyi (52%), Wang Hua (34%), Wang Zhijun (14%). Song Xingyi is the spouse of Wang Zhijun and mother of Wang Hua. The above-mentioned shareholders are deemed to have an interest in 44,437,180 shares held by Yinda Pte. Ltd. by virtue of Section 7 of the Companies Act.

(2) 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.

(3) The percentages of issued share capital are calculated based on 152,000,000 issued shares in the capital of the Company as at 5 October 2020.

Notice is hereby given that the Annual General Meeting (the "**AGM**") of Yinda Infocomm Limited (the "**Company**") will be held by way of electronic means via live audio-visual webcast and/or live audio-only stream on Thursday, 29 October 2020 at 4.30 p.m. ("**Live AGM Webcast**") 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 2020 and the Directors' Statement and the Independent Auditor's Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of $200,000 for the financial year ending 31 May 2021, payable quarterly in arrears.

   See Explanatory Note (i) **(Resolution 2)**

3. To re-elect Mr. Cheam Heng Haw, Howard, a Director who is retiring pursuant to Regulation 104 of the Company's Constitution.

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

4. To re-elect Mr. Tan Chee Bun Gordon, a Director who is retiring pursuant to Regulation 114 of the Company's Constitution.

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

5. To appoint Mr. Aw Eng Hai as a Director pursuant to Regulation 106(2) of the Company's Constitution.

   See Explanatory Note (iv) **(Resolution 5)**

6. To note the retirement of Mr. Henry Tan Song Kok, who is retiring as a Director pursuant to Regulation 104 of the Company's Constitution.

   See Explanatory Note (v)

7. To re-appoint Messrs Baker Tilly TFW 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 Baker Tilly TFW LLP. **(Resolution 6)**

SPECIAL BUSINESS

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

8. **Authority to allot and issue shares** **(Resolution 7)**

   "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, 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, 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; and

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

    Adjustments in accordance with (i) or (ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(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 AGM of the Company or the date by which the next AGM of the Company is required by law and the Catalist Rules to be held, whichever is earlier."

    [See Explanatory Note (vi) below]

9. **Proposed Renewal of the Anhui 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 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 AGM of the Company or the date by which the next AGM 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 (vii) below]

10. **Proposed Renewal of the Shanghai Yinda S&T IPT General Mandate** **(Resolution 9)**

"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 AGM of the Company or the date by which the next AGM 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 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 (viii) below]

11. 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

14 October 2020

Explanatory Notes:

(i) The Company has provided an increase in Directors' fees for FY2021, as compared to $138,000 for FY2020 as the Group intends to appoint a new independent director to comply with Provision 2.2 of the Code of Corporate Governance 2018.

(ii) The detailed information on Mr. Cheam Heng Haw, Howard is set out in the section entitled "Board Membership" in the Corporate Governance Statement the Company's 2020 Annual Report. Mr Cheam Heng Haw, Howard, upon re-election as Director of the Company, will be appointed as Lead Independent Director and remain as Chairman of the Remuneration Committee and member of the Audit Committee and he is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(iii) Mr Tan Chee Bun Gordon shall, upon re-election as Director of the Company, remain as the Executive Director of the Company.

(iv) Pursuant to Regulation 106(2) of the Company's Constitution, the NC has reviewed Mr. Aw Eng Hai's suitability and recommended to the Board of Directors of the Company (the "**Board**") for the appointment of Mr. Aw Eng Hai as an Independent Director of the Company. The Board has accepted the NC's recommendation. The particulars of Mr. Aw Eng Hai, who has consented to the proposed appointment, are set out in the section entitled "Disclosure of Information of Directors seeking re-election and appointment" in the Company's 2020 Annual Report. Mr Aw Eng Hai, upon appointment as Director of the Company, will be appointed as Independent Director and Chairman of the Audit Committee and a member of the Nominating Committee and he is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(v) Mr. Henry Tan Song Kok will not be seeking re-election and will retire from the Board at the conclusion of this AGM. Subsequent to the conclusion of the AGM, Mr. Henry Tan Song Kok will cease to be the Lead Independent Director of the Company, the Chairman of the Audit Committee and member of the Nominating Committee of the Company.

(vi) Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM 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.

(vii) The Ordinary Resolution 8 above, if passed, allows the Company, and its subsidiaries to enter into interested person transactions with Anhui Diantong within the provisions of Chapter 9 of the Catalist Rules and the Anhui IPT General Mandate.

(viii) The Ordinary Resolution 9 above, if passed, allows the Company, and its subsidiaries to enter into interested person transactions with the Wider S&T Group within the provisions of Chapter 9 of the Catalist Rules and the Shanghai Yinda S&T IPT General Mandate.

Notes:

(a) The AGM will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

(b) Alternative arrangements relating to (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream); (ii) submission of questions to the Chairman of the AGM in advance of the AGM; and (iii) addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the "IMPORTANT NOTE" section of this Notice of AGM. This Notice of AGM may be accessed at the Company's website at the URL http://yinda.com.sg/investor-relations/, and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

(c) Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The accompanying proxy form of the AGM may be accessed at the Company's website at the URL http://yinda.com.sg/investorrelations/, and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 22 October 2020 / at least seven working days before the AGM.

(d) The Chairman of the AGM, as proxy, need not be a member of the Company.

(e) Duly completed and signed proxy form must be deposited with the Company via:

(i) Physical mail to the Company's registered office at 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874; or

(ii) electronic mail to the Company at proxy@yinda.com.sg,

In either case, at least seventy-two (72) hours before the time for holding of the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

(f) The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

(g) In the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 4.30 p.m. on 26 October 2020, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents 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. The member's personal data and its proxy(ies)'s and/or representative(s)'s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company and/or its proxy(ies) or representative(s) (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she proposes/seconds) may be recorded by the Company for such purpose.

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

The contact person for the Sponsor is Mr. Ong Hwee Li (Tel +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

IMPORTANT NOTE

SHAREHOLDERS MUST NOTE THE FOLLOWING IN RELATION TO THE AGM.

I. REGISTRATION

(A) Shareholders are entitled to watch the AGM proceedings via your mobile phones, tablets or computers.

Shareholders will need to register at https://sg.conveneagm.com/yindaagm2020/ ("**AGM Webcast Registration and Q&A Link**") for the Company to verify your status prior to the AGM.

Shareholders must register via the AGM Webcast Registration and Q&A Link by no later than 26 October 2020 ("**Registration Deadline**").

(B) Following the verification, authenticated Shareholders will receive an email by 27 October 2020, 12.00 p.m. containing a unique link, which you can click on to access the Live AGM Webcast.

Shareholders must not forward the unique link to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

Shareholders who have registered by the Registration Deadline but do not receive an email response by 27 October 2020, 12.00 p.m. may contact our Share Registrar, B.A.C.S. Private Limited, for assistance at (65) 6593 4848.

(C) Person who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50), including CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks and SRS Operators) through which they hold such shares by 22 October 2020, 5.00 p.m. in order to make the necessary arrangement for them to participate in the AGM.

II. VOTING

(A) Shareholders who wish to vote at the AGM must submit a proxy form to appoint the Chairman of the AGM to cast votes on your behalf.

(B) The proxy form must be submitted by:

(i) physical mail to the Company's registered office at 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874; or

(ii) electronic mail to proxy@yinda.com.sg,

by no later than the Registration Deadline.

(C) CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 pm on 22 October 2020.

(D) A shareholder who wishes to submit a proxy form via email must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

III. QUESTIONS

(A) Shareholders will not be able to ask questions during the Live AGM Webcast and therefore it is important for shareholders to pre-register and submit their questions in advance of the AGM.

(B) Shareholders must submit your questions related to the AGM via the AGM Webcast Registration and Q&A Link by the Registration Deadline.

(C) The Company will endeavor to address the substantial questions received prior to the AGM via SGXNet and the Company's website.

(D) The Company will publish the minutes of the AGM on SGXNet and on the Company's website within one (1) month from the date of AGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which are addressed during the AGM.

IV. DOCUMENTS

(A) The Annual Report, Notice of AGM and accompanying proxy form will be sent to the Shareholders solely by electronic means via publication on the Company's website and will also be made available on SGXNet. **Printed copies of these documents will not be sent to Shareholders.**

Please refer to the SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at http://yinda.com.sg/investor-relations/ for the (i) Annual Report, (ii) Notice of AGM, and (iii) proxy form.

(B) Minutes of the AGM will be provided within one (1) month after the AGM on SGXNet at the URL https://www.sgx.com/securities/company-announcements and the Company's website at http://yinda.com.sg/investor-relations/.

Important reminder: As the COVID-19 situation is constantly evolving, the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to closely monitor announcements made by the Company on SGX website for updates on the AGM.

The Company would like to thank all shareholders for their patience and co-operation in enabling us to hold our AGM with the optimum safe distancing measures amidst the current COVID-19 situation.

YINDA INFOCOMM LIMITED

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

IMPORTANT

1. The Annual General Meeting (the "**AGM**") is being convened, and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will not be sent to members. Instead, it will be sent to members by electronic means via announcement on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 14 October 2020 entitled "AGM" which has been uploaded together with this Notice of AGM on SGXNet on the same day. The aforesaid announcement may also be accessed at the URL http://yinda.com.sg/investor-relations/.
3. **Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person.** If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. 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.
5. CPF/SRS investors should contact their respective Agent Banks/SRS Operations if they have any queries regarding their appointment as proxies.
6. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 October 2020.

PROXY FORM
ANNUAL GENERAL MEETING

*I/We ______________________________ , (*NRIC/Passport No./Company's Registration No.) ______________

of____

being *a member/members of the above-mentioned Company, hereby appoint the Chairman of the AGM as *my/our proxy to vote for *me/us on *my/our behalf, at the AGM of the Company to be held by way of electronic means on 29 October 2020 at 4.30 p.m. and at any adjournment thereof.

[Note: Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the box provided under "For" or "Against". If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "√" in the box provided under "Abstain".

Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy will be treated as invalid.]

No.	Ordinary Resolutions	For**	Against**	Abstain**
	Ordinary Business			
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 May 2020 and the Directors' Statement and the Independent Auditors' Report thereon.			
2.	To approve the Directors' fees of $200,000 for the financial year ending 31 May 2021, payable quarterly in arrears.			
3.	To re-elect Mr. Cheam Heng Haw, Howard as Director pursuant to Regulation 104 of the Company's Constitution.			
4.	To re-elect Mr. Tan Chee Bun Gordon as Director pursuant to Regulation 114 of the Company's Constitution.			
5.	To appoint Mr. Aw Eng Hai as Director pursuant to Regulation 106(2) of the Company's Constitution.			
6.	To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
7.	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50.			
8.	Renewal of the Anhui IPT General Mandate.			
9.	Renewal of the Shanghai Yinda S&T IPT General Mandate.			

Note:

* Please delete accordingly.

Dated this ____________ day of October 2020

Total number of Shares held 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. Due to the various control and safe distancing measures put in place in Singapore to prevent the spread of COVID-19, members will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it **must appoint the Chairman of the AGM as his/her/its proxy** to attend, speak and vote on his/her/its behalf at the AGM. This proxy form may be accessed at the Company's website at the URL http://yinda.com.sg/investor-relations/, and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

   Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

   CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 22 October 2020 / at least seven working days before the AGM.

2. The Chairman of the AGM, as proxy, need not be a member of the Company.

3. Please insert the total number of ordinary shares ("**Ordinary Shares**") held by you. If you have Ordinary Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Ordinary Shares in the box provided next to CDP Register. If you have Ordinary Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Ordinary Shares in the box provided next to Register of Members.

4. The duly completed and signed instrument appointing the Chairman of the AGM as proxy must be deposited with the Company via:

   (i) Physical mail to the Company's registered office at 5008 Ang Mo Kio Avenue 5, #04-07 Techplace II, Singapore 569874; or

   (ii) electronic mail to the Company at proxy@yinda.com.sg,

   In either case, at least seventy-two (72) hours before the time for holding of the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above or scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

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

6. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (such as in the case where the appointor submits more than one instrument of proxy).

7. In the case of a member whose Ordinary Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have Ordinary Shares entered against his/her name in the Depository Register as at 4.30 p.m. on 26 October 2020, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the accompanying Notice of AGM.

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Tel: (65) 63278398

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